

SERFF Tracking #: ALSE-128821299

State Tracking #:

Company Tracking #: ER-2178: RATE FACTOR
REVISIONS (PPA EDGE...

State: Arkansas

Filing Company: Encompass Indemnity Company

TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)

Product Name: EI PPA

Project Name/Number: Rate Factor Revisions (PPA Edge)/1170634

Filing at a Glance

Company: Encompass Indemnity Company
Product Name: EI PPA
State: Arkansas
TOI: 19.0 Personal Auto
Sub-TOI: 19.0001 Private Passenger Auto (PPA)
Filing Type: Rate/Rule
Date Submitted: 12/20/2012
SERFF Tr Num: ALSE-128821299
SERFF Status: Closed-Filed
State Tr Num:
State Status:
Co Tr Num: ER-2178: RATE FACTOR REVISIONS (PPA EDGE)

Effective Date: 05/13/2013
Requested (New):
Effective Date: 06/14/2013
Requested (Renewal):
Author(s): Andi Colosi
Reviewer(s): Alexa Grissom (primary)
Disposition Date: 01/29/2013
Disposition Status: Filed
Effective Date (New): 05/13/2013
Effective Date (Renewal): 06/14/2013

State Filing Description:

State: Arkansas **Filing Company:** Encompass Indemnity Company
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
Product Name: EI PPA
Project Name/Number: Rate Factor Revisions (PPA Edge)/1170634

General Information

Project Name: Rate Factor Revisions (PPA Edge) Status of Filing in Domicile:
Project Number: 1170634 Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 01/29/2013
State Status Changed: Deemer Date:
Created By: Celeste Vanduch Submitted By: Celeste Vanduch
Corresponding Filing Tracking Number:

Filing Description:

With this filing, Encompass is proposing an overall rate change of 5.0%. In order to achieve the overall selected rate level change, Encompass is revising the Rate Adjustment Factors for Bodily Injury, Property Damage, Medical Expenses, Comprehensive, Collision, Uninsured Motorist – Bodily Injury, Underinsured Motorist – Bodily Injury, and Uninsured Motorist – Property Damage. Encompass is also revising the Rate Adjustment factors for Motor Home, Miscellaneous Vehicles and Excess Liability. Please reference the Motor Vehicle Rate Manual for the revised factors.

In addition, Encompass is revising the rates for Work Loss Coverage, Accidental Death Benefit, the Stated Amount Coverage, the Rental Reimbursement Rates, and Electronic Equipment Coverage. Please reference the Motor Vehicle Rules Manual for the revisions.

Additionally, the Excess Liability Rates for private passenger auto and miscellaneous vehicles are also being revised with this filing. Please reference the Personal Umbrella Rules Manual for the revisions.

Finally, Encompass has made an editorial revision to Rule 8 “Suspension” of the Motor Vehicle Rules Manual and editorially rolled up the Model Year Factors for Comprehensive and Collision coverages.

Encompass is targeting a new business effective date of May 13, 2013 and a renewal business effective date of June 14, 2013.

Effective Date:
New Business: 5/13/2013
Renewals: 6/14/2013

Company and Contact

Filing Contact Information

Andi Colosi, State Filings Project Manager andi.colosi@allstate.com
2775 Sanders Road 847-402-5000 [Phone] 21839 [Ext]
Suite A2-W 847-402-9757 [FAX]
Northbrook, IL 60062

SERFF Tracking #: ALSE-128821299

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Filing Company Information

Encompass Indemnity Company
2775 Sanders Rd.
Suite A2-W
Northbrook, IL 60062
(847) 402-5000 ext. [Phone]

CoCode: 15130
Group Code: 8
Group Name: Allstate
FEIN Number: 59-2366357

State of Domicile: Illinois
Company Type: Property and
Casualty
State ID Number:

Filing Fees

Fee Required? Yes
Fee Amount: \$150.00
Retaliatory? No
Fee Explanation: Filing and review of independent rate filings - \$100
Filing of an independent rule filings - \$50
Per Company: No

Company	Amount	Date Processed	Transaction #
Encompass Indemnity Company	\$150.00	12/20/2012	65933350

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
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State:	Arkansas	Filing Company:	Encompass Indemnity Company
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)		
Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Alexa Grissom	01/29/2013	01/29/2013

Objection Letters and Response Letters

Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Alexa Grissom	01/07/2013	01/07/2013

Response Letters

Responded By	Created On	Date Submitted
Andi Colosi	01/10/2013	01/10/2013

State:	Arkansas	Filing Company:	Encompass Indemnity Company
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)		
Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

Disposition

Disposition Date: 01/29/2013
Effective Date (New): 05/13/2013
Effective Date (Renewal): 06/14/2013
Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Encompass Indemnity Company	9.000%	5.000%	\$84,681	1,015	\$1,688,963	15.700%	0.100%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	A-1 Private Passenger Auto Abstract	Filed	Yes
Supporting Document (revised)	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document	APCS-Auto Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	Actuarial Support	Filed	Yes
Rate	ManualAutoRates	Filed	Yes
Rate	ManualAutoRules	Filed	Yes
Rate	ManualPUPRules	Filed	Yes

State: Arkansas **Filing Company:** Encompass Indemnity Company
TOI/Sub-TOI: 19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)
Product Name: EI PPA
Project Name/Number: Rate Factor Revisions (PPA Edge)/1170634

Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	01/07/2013
Submitted Date	01/07/2013
Respond By Date	

Dear Andi Colosi,

Introduction:

This will acknowledge receipt of the captioned filing. Please resubmit the APCS as the vehicles are outdated on the one received. Additionally, the bottom section of the Rf-1 requires completion in lieu of N/A's.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Conclusion:

NOTICE regarding, corrections to filings and scrivener's Errors:

Effective for all filings made on or after June 1, 2011, Arkansas no longer allows the re-opening of closed filings for corrections, changes in effective dates, scrivener's errors, amendments or substantive changes. Please see the General Instructions for how these events will be handled after the effective date of the change."

Sincerely,

Alexa Grissom

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
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State:	Arkansas	Filing Company:	Encompass Indemnity Company		
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)				
Product Name:	EI PPA				
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634				

Response Letter

Response Letter Status	Submitted to State
Response Letter Date	01/10/2013
Submitted Date	01/10/2013

Dear Alexa Grissom,

Introduction:

Hi Alexa: Thanks for your help with this filing. Please see our responses and revised attachments below. Let us know if you need anything else.

Thanks!

Andi

Response 1

Comments:

Please reference the attached and updated APCS.

Please reference the attached RF-1. Please note that a 0 is listed due to no rate change occurring in that particular year.

Changed Items:

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
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Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

Supporting Document Schedule Item Changes	
Satisfied - Item:	APCS-Auto Premium Comparison Survey
Comments:	
Attachment(s):	
02. State Filing Form APCS Updated ER-2178.pdf	
03. State Filing Form APCS updated ER-2178.xls	
<i>Previous Version</i>	
<i>Satisfied - Item:</i>	<i>APCS-Auto Premium Comparison Survey</i>
<i>Comments:</i>	
<i>Attachment(s):</i>	
<i>07. APCS EI Survey Form ER-2178.xls</i>	
<i>07. APCS EI Survey Form ER-2178.pdf</i>	
Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	
01. StateFilingForm_FORM RF-1 Rate Filing Abstract_ER2178.pdf	
<i>Previous Version</i>	
<i>Satisfied - Item:</i>	<i>NAIC loss cost data entry document</i>
<i>Comments:</i>	
<i>Attachment(s):</i>	
<i>06. StateFilingForm_FORM RF-1 Rate Filing Abstract_ER-2178.pdf</i>	

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TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)		
Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

Supporting Document Schedule Item Changes	
Satisfied - Item:	APCS-Auto Premium Comparison Survey
Comments:	
Attachment(s):	
02. State Filing Form APCS Updated ER-2178.pdf	
03. State Filing Form APCS updated ER-2178.xls	
<i>Previous Version</i>	
<i>Satisfied - Item:</i>	<i>APCS-Auto Premium Comparison Survey</i>
<i>Comments:</i>	
<i>Attachment(s):</i>	
<i>07. APCS EI Survey Form ER-2178.xls</i>	
<i>07. APCS EI Survey Form ER-2178.pdf</i>	
Satisfied - Item:	NAIC loss cost data entry document
Comments:	
Attachment(s):	
01. StateFilingForm_FORM RF-1 Rate Filing Abstract_ER2178.pdf	
<i>Previous Version</i>	
<i>Satisfied - Item:</i>	<i>NAIC loss cost data entry document</i>
<i>Comments:</i>	
<i>Attachment(s):</i>	
<i>06. StateFilingForm_FORM RF-1 Rate Filing Abstract_ER-2178.pdf</i>	

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Conclusion:

Sincerely,
Andi Colosi

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
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Rate Information

Rate data applies to filing.

Filing Method:	File & Use
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	3.000%
Effective Date of Last Rate Revision:	04/30/2012
Filing Method of Last Filing:	File & Use

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Encompass Indemnity Company	9.000%	5.000%	\$84,681	1,015	\$1,688,963	15.700%	0.100%

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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1	Filed 01/29/2013	ManualAutoRates	Rate Adjustment Factors (Rating Worksheet)	Replacement		08. MV Rate Pages ER-2178.pdf
2	Filed 01/29/2013	ManualAutoRules	Rule 8 (Suspension), Rule 9.H (Extended Transportation and Rental Reimbursement Coverage), Rule 9.J (Electronic Equipment Coverage), Rule 9.M (Stated Amount Coverage), Rule 9.P.2.B (Work Loss Coverage), Rule 9.P.2.C (Accidental Death Benefit)	Replacement		10. MV Rule Pages ER-2178.pdf
3	Filed 01/29/2013	ManualPUPRules	Rule 5.A (Basic Limits)	Replacement		09. PUP Rule Pages ER-2178.pdf



ARKANSAS USP PORTFOLIO
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES

AUTO PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		BI	PD	MED	COMP	COLL
1	TERRITORIAL BASE RATE					
2	RATE ADJUSTMENT FACTOR (RAF)	x 1.169	x 1.156	x 1.080	x 0.968	x 0.969
3	INCREASED LIMIT FACTOR	x	x	x		
4	MODEL YEAR FACTOR				x	x
5	EXPERIENCE GROUP RATING FACTOR	x	x	x	x	x
6	NEW CAR DISCOUNT				x	x
7	REPLACEMENT VALUE FACTOR				x	x
8	STATED AMOUNT BASE PREMIUM					
9	DEDUCTIBLE BY SYMBOL FACTOR (Note: For Stated Amount Coverage, use Price Group Symbol M deductible factors)				x	x
10	COVERAGE OPTION FACTOR	x	x	x	x	x
11	AUTO RATING TIER FACTOR	x	x	x	x	x
12	PRIOR AUTO INSURANCE FACTOR	x	x	x	x	x
13	DRIVER CLASSIFICATION FACTOR	x	x	x	x	x
14	MULTI-CAR RATING FACTOR	x	x	x	x	x
15	MERIT RATING FACTOR	x	x	x	x	x
16	MAJOR VIOLATION SURCHARGE	x	x	x		x
17	NON-VERIFIABLE DRIVING RECORD SURCHARGE	x	x	x	x	x
18	PASSIVE RESTRAINT DISCOUNT			x		
19	ANTI-LOCK BRAKE DISCOUNT	x	x			
20	ANTI-THEFT DEVICE DISCOUNT				x	
21	DRIVER TRAINING DISCOUNT	x	x			x
22	GOOD STUDENT DISCOUNT	x	x	x	x	x
23	RESIDENT STUDENT DISCOUNT	x	x			x
24	MOTOR VEHICLE ACCIDENT PREV DISC	x	x	x		x
25	ACCIDENT/VIOLATION FREE DISCOUNT	x	x	x	x	x
26	POLICY LOSS FREE DISCOUNT	x	x	x	x	x
27	GOOD PAYER DISCOUNT	x	x	x	x	x
28	FUTURE EFFECTIVE DATE DISCOUNT	x	x	x	x	x
29	ENCOMPASS EASY PAY PLAN DISCOUNT	x	x	x	x	x
30	HOMEOWNERSHIP DISCOUNT	x	x	x	x	x
31	PREFERRED PROTECTION DISCOUNT	x	x	x	x	x
32	COLLEGE GRADUATE SCHOL ACHV DISC	x	x	x	x	x
33	ACCIDENTAL AIR BAG DEPLOYMENT				+	
34	FIXED EXPENSE PREMIUM	+	+		+	+
35	GROUP PROGRAM DISCOUNT	x	x	x	x	x
36	CREDIT FOR EXISTING INSURANCE	x	x	x	x	x
37	TOTAL COVERAGE PREMIUM	=	=	=	=	=

38	UM/UIM COVERAGE	Rate	RAF	CFEI	Total
	UM BI PREMIUM		x 1.166	x	
	UIM BI PREMIUM		x 1.166	x	+
	UM PD PREMIUM		x 1.166	x	+
	TOTAL UM/UIM COVERAGE PREMIUM				=

39	MISCELLANEOUS COVERAGES	Rate	Group Program Discount	Total
	EXTENDED TRANSPORTATION PREMIUM		x	+
	TOWING & LABOR PREMIUM		x	+
	ELECTRONIC EQUIPMENT PREMIUM		x	+
	CUSTOMIZATION COMP PREMIUM			+
	CUSTOMIZATION COLLISION PREMIUM			+
	AUTO LOAN/LEASE COMP PREMIUM			+
	AUTO LOAN/LEASE COLL PREMIUM			+
	WORK LOSS PREMIUM		x	+
	DEATH BENEFIT PREMIUM		x	+
	TOTAL MISC COVERAGES PREMIUM			=

40	TOTAL ANNUAL PREMIUM	=
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NOTES
Territory:
Limit:
Ded(s):
Model Yr:
Symbol:
Class:
Tier:
Other:

**ARKANSAS USP PORTFOLIO
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES**

**AUTO CUSTOMIZATION PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)**

STEP		COMP	COLL
1	TERRITORIAL BASE RATE		
2	RATE ADJUSTMENT FACTOR	x 0.968	x 0.969
3	MODEL YEAR FACTOR	x	x
4	EXP. GRP RATING FACTOR	x	x
5	Amount coverage, use Price Group Symbol M deductible factors)	x	x
6	CUSTOMIZATION AMOUNT		
7	CUSTOMIZATION FACTOR	x	x
8	NEW CAR DISCOUNT	x	x
9	REPLACEMENT VALUE FACTOR		
10	COVERAGE OPTION FACTOR	x	x
11	AUTO RATING TIER FACTOR	x	x
12	AUTO RATING TIER ADJUSTMENT FACTOR	x	x
13	PRIOR AUTO INSURANCE FACTOR	x	x
14	DRIVER CLASSIFICATION FACTOR	x	x
15	MULTI-CAR RATING FACTOR	x	x
16	MERIT RATING FACTOR	x	x
17	MAJOR VIOLATION SURCHARGE		x
18	NON-VERIFIABLE DRIVING RECORD SURCHARGE	x	x
19	ANTI-THEFT DEVICE DISCOUNT	x	
20	DRIVER TRAINING DISCOUNT		x
21	GOOD STUDENT DISCOUNT	x	x
22	RESIDENT STUDENT DISCOUNT		x
23	MOTOR VEHICLE ACCIDENT PREV DISC		x
24	ACCIDENT/VIOLATION FREE DISCOUNT	x	x
25	POLICY LOSS FREE DISCOUNT		x
26	GOOD PAYER DISCOUNT	x	x
27	FUTURE EFFECTIVE DATE DISCOUNT	x	x
28	ENCOMPASS EASY PAY PLAN DISCOUNT	x	x
29	HOMEOWNERSHIP DISCOUNT	x	x
30	PREFERRED PROTECTION DISCOUNT	x	x
31	COLLEGE GRADUATE SCHOL ACHV DISC	x	x
32	CREDIT FOR EXISTING INSURANCE	x	x
33	TOTAL COVERAGE PREMIUM	=	=

**AUTO LOAN/LEASE PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)**

STEP		COMP	COLL
1	TERRITORIAL BASE RATE		
2	RATE ADJUSTMENT FACTOR	x 0.968	x 0.969
3	MODEL YEAR FACTOR	x	x
4	EXP. GRP RATING FACTOR	x	x
5	NEW CAR DISCOUNT	x	x
6	DEDUCTIBLE BY SYMBOL FACTOR (Note: For Stated Amount coverage, use Price Group Symbol M deductible factors)	x	x
7	COVERAGE OPTION FACTOR	x	x
8	AUTO RATING TIER FACTOR	x	x
9	AUTO RATING TIER ADJUSTMENT FACTOR	x	x
10	PRIOR AUTO INSURANCE FACTOR	x	x
11	DRIVER CLASSIFICATION FACTOR	x	x
12	MULTI-CAR RATING FACTOR	x	x
13	MERIT RATING FACTOR	x	x
14	MAJOR VIOLATION SURCHARGE		x
15	NON-VERIFIABLE DRIVING RECORD SURCHARGE	x	x
16	ANTI-THEFT DEVICE DISCOUNT	x	
17	DRIVER TRAINING DISCOUNT		x
18	GOOD STUDENT DISCOUNT	x	x
19	RESIDENT STUDENT DISCOUNT		x
20	MOTOR VEHICLE ACCIDENT PREV DISC		x
21	ACCIDENT/VIOLATION FREE DISCOUNT	x	x
22	POLICY LOSS FREE DISCOUNT		x
23	GOOD PAYER DISCOUNT	x	x
24	FUTURE EFFECTIVE DATE DISCOUNT	x	x
25	ENCOMPASS EASY PAY PLAN DISCOUNT	x	x
26	HOMEOWNERSHIP DISCOUNT	x	x
27	PREFERRED PROTECTION DISCOUNT	x	x
28	LOAN/LEASE DEFICIENCY COVERAGE FACTOR	x	x
29	CREDIT FOR EXISTING INSURANCE	x	x
30	TOTAL COVERAGE PREMIUM	=	=



ARKANSAS USP PORTFOLIO
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES

AUTO PERSONAL UMBRELLA PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		PP Autos, Pickups and Vans	Motorcycles	Dune Buggies	Other Misc. Types
1	BASE PREMIUM (\$500,000)				
2	RATE ADJUSTMENT FACTOR	x 1.225	x 1.225	x 1.225	x 1.225
3	PACKAGE DISCOUNT	x		x	
4	YOUTHFUL SURCHARGE	+	+	+	
5	SENIOR DISCOUNT	-			
6	INCREASED LIMIT FACTOR	x	x	x	x
7	MULTI-VEHICLE FACTOR	x			
8	POLICY LOSS FREE FACTOR	x	x	x	x
9	\$100/300 OR \$300,000 UNDERLYING SURCHARGES	+	+	+	+
10	CREDIT FOR EXISTING INSURANCE	x	x	x	x
11	TOTAL MOTOR VEHICLE UMBRELLA PREMIUM	=	=	=	=

**ARKANSAS USP PORTFOLIO
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES**

MOTOR HOME LIABILITY PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		BI	PD	MED
1	BASE RATE (FROM RULE 12)			
2	RATE ADJUSTMENT FACTOR (FROM RATE PAGES)	x 1.230	x 1.251	x 1.183
3	POLICY LOSS FREE FACTOR	x	x	x
4	MISCELLANEOUS VEHICLE LOSS SURCHARGE	x	x	x
5	ANTI-LOCK BRAKE DISCOUNT	x	x	
6	PASSIVE RESTRAINT DISCOUNT			x
7	FIXED EXPENSE PREMIUM	+	+	
8	CREDIT FOR EXISTING INSURANCE	x	x	x
9	TOTAL COVERAGE PREMIUM	=	=	=

MOTOR HOME UM/UIM PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		UM/UIM BI	UM PD
1	BASE RATE (FROM AUTO RULE 9.A)		
2	RATE ADJUSTMENT FACTOR (FROM RATE PAGES)	x 1.166	x 1.166
3	CREDIT FOR EXISTING INSURANCE	x	x
4	TOTAL COVERAGE PREMIUM	=	=

Note: UM/UIM Premium is vehicle level based on the number of PP autos, vans, pickups, motor homes, motorcycles and antique autos on policy.

MOTOR HOME/TRAILER PHYSICAL DAMAGE PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP	MOTOR HOME/TRAILER PHYSICAL DAMAGE COVERAGE	COMP	COLL (MH/RecTrail)	COLL (AllOtherTrailer)
1	ACTUAL CASH VALUE (\$000) (Motor Home or Rec Trailer)			
2	ACTUAL CASH VALUE (\$00) (All Other Trailer)			
3	RATE PER VALUE	x	x	
4	INTERIM SUBTOTAL	=	=	
5	PREMIUM FOR COLLISION BASED ON ACTUAL CASH VALUE			=
6	DEDUCTIBLE BY SYMBOL (M) FACTOR	x	x	x
7	RATE ADJUSTMENT FACTOR (FROM RATE PAGES)	x 0.969	x 0.969	x 0.969
8	POLICY LOSS FREE FACTOR	x	x	x
9	MISCELLANEOUS VEHICLE LOSS SURCHARGE FACTOR	x	x	x
10	SUBTOTAL (USED FOR LOAN/LEASE COVERAGE)	=	=	=
11	FIXED EXPENSE PREMIUM (not applicable to Trailers)	+	+	
12	CREDIT FOR EXISTING INSURANCE	x	x	x
13	TOTAL COVERAGE PREMIUM	=	=	=

MOTOR HOME LOAN/LEASE PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		COMP	COLL
1	SUBTOTAL FROM MOTOR HOME PHYSICAL DAMAGE COVERAGE PREMIUM		
2	AUTO LOAN/LEASE FACTOR	x	x
3	CREDIT FOR EXISTING INSURANCE	x	x
4	TOTAL COVERAGE PREMIUM	=	=

MOTOR HOME MISCELLANEOUS PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		Rate	CFEI	Total
1	ELECTRONIC EQUIPMENT PREMIUM		x	=
2	TOTAL MISC COVERAGES PREMIUM			=

TOTAL ANNUAL PREMIUM	=
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**ARKANSAS USP PORTFOLIO
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES**

MISCELLANEOUS VEHICLE LIABILITY PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		BI	PD	MED
1	TERRITORIAL BASE RATE			
2	RATE ADJUSTMENT FACTOR (FROM RATE PAGES)	x 1.076	x 1.045	x 0.993
3	INCREASED LIMIT FACTOR	x	x	x
4	MISCELLANEOUS VEHICLE LIABILITY FACTOR	x	x	x
5	POLICY LOSS FREE FACTOR	x	x	x
6	MISCELLANEOUS VEHICLE LOSS SURCHARGE	x	x	x
7	FIXED EXPENSE PREMIUM (ANTIQUE AUTOS ONLY)	+	+	
8	CREDIT FOR EXISTING INSURANCE	x	x	x
9	TOTAL COVERAGE PREMIUM	=	=	=

MISCELLANEOUS VEHICLE UM/UIM PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP	MOTORCYCLE UM/UIM COVERAGE	UM/UIM BI	UM PD
1	BASE RATE		
2	RATE ADJUSTMENT FACTOR (FROM RATE PAGES)	x 1.166	x 1.166
3	CREDIT FOR EXISTING INSURANCE	x	x
4	TOTAL COVERAGE PREMIUM	=	=

Note: UM/UIM Premium is vehicle level based on the number of PP autos, vans, pickups, motor homes, motorcycles and antique autos on policy.

MISCELLANEOUS VEHICLE PHYSICAL DAMAGE PREMIUM CALCULATION
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		COMP	COLL
1	ACTUAL CASH VALUE OR STATED AMOUNT (\$00)		
2	RATE PER \$100 OF ACTUAL CASH VALUE OR STATED AMOUNT	x	x
3	DEDUCTIBLE BY SYMBOL (M) FACTOR	x	x
4	RATE ADJUSTMENT FACTOR (FROM RATE PAGES)	x 0.895	x 0.874
5	POLICY LOSS FREE FACTOR	x	x
6	MISCELLANEOUS VEHICLE LOSS SURCHARGE	x	x
7	FIXED EXPENSE PREMIUM (ANTIQUE AUTOS ONLY)	+	+
8	CREDIT FOR EXISTING INSURANCE	x	x
9	TOTAL COVERAGE PREMIUM	=	=

MISCELLANEOUS VEHICLE MISCELLANEOUS PREMIUM CALCULATION **
(ROUND TO THE NEAREST DOLLAR AFTER EACH STEP)

STEP		Rate	CFEI	Total
1	EXTENDED TRANSPORTATION & RENTAL RE PREMIUM		x	+
2	TOWING & LABOR PREMIUM		x	+
3	ELECTRONIC EQUIPMENT PREMIUM		x	+
4	TOTAL MISC COVERAGES PREMIUM			=

** These coverages are not available for snowmobiles, ATVs or dune buggies.



**ARKANSAS
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES**

COMPREHENSIVE DEDUCTIBLES BY SYMBOL & MODEL YEAR FACTORS

COMPREHENSIVE PRICE GROUP SYMBOL FACTORS						
PGS	\$100	\$150	\$250	\$500	\$1,000	\$2,500
M	0.21	0.18	0.13	0.09	0.07	0.05
O	0.29	0.25	0.19	0.14	0.11	0.09
S	0.42	0.36	0.29	0.22	0.17	0.13
T	0.57	0.51	0.44	0.37	0.29	0.23
U	0.75	0.69	0.62	0.54	0.41	0.31
V	0.92	0.85	0.77	0.66	0.50	0.38
W	1.08	1.00	0.92	0.79	0.59	0.44
N	1.24	1.14	1.04	0.90	0.68	0.51
P	1.39	1.29	1.17	1.02	0.79	0.61
Q	1.52	1.42	1.30	1.15	0.92	0.74
R	1.66	1.56	1.44	1.29	1.06	0.87
G	1.87	1.76	1.63	1.46	1.22	1.02
I	2.15	2.02	1.89	1.69	1.42	1.19
K	2.48	2.34	2.19	1.97	1.66	1.40
C	3.01	2.85	2.67	2.41	2.05	1.74
D	3.69	3.49	3.27	2.95	2.50	2.12
E	4.29	4.04	3.76	3.37	2.80	2.33
F	5.02	4.72	4.40	3.94	3.27	2.71
H	5.75	5.40	5.04	4.51	3.74	3.10
J	6.47	6.08	5.67	5.08	4.21	3.49
L	7.20	6.76	6.31	5.65	4.68	3.88

MODEL YEAR	COMP FACTOR
2013	1.338
2012	1.262
2011	1.191
2010	1.124
2009	1.060
2008	1.000
2007	0.971
2006	0.943
2005	0.915
2004	0.888
2003	0.863
2002 & Prior	0.837

Multiply by 6% for each subsequent model years not shown

COMPREHENSIVE PRICE GROUP SYMBOL FACTORS FULL GLASS						
PGS	\$100	\$150	\$250	\$500	\$1,000	\$2,500
M	0.24	0.22	0.19	0.14	0.11	0.09
O	0.32	0.29	0.24	0.20	0.13	0.08
S	0.46	0.43	0.35	0.29	0.20	0.14
T	0.63	0.56	0.47	0.40	0.30	0.23
U	0.80	0.73	0.62	0.53	0.41	0.32
V	0.96	0.91	0.79	0.67	0.53	0.42
W	1.15	1.07	0.95	0.82	0.63	0.48
N	1.27	1.21	1.09	0.93	0.70	0.53
P	1.40	1.34	1.21	1.02	0.77	0.58
Q	1.43	1.35	1.22	1.04	0.78	0.59
R	1.48	1.40	1.28	1.07	0.82	0.63
G	1.61	1.52	1.40	1.21	0.96	0.76
I	1.79	1.71	1.56	1.39	1.14	0.93
K	2.06	1.97	1.82	1.62	1.38	1.18
C	2.56	2.48	2.32	1.99	1.75	1.54
D	3.32	3.20	2.97	2.60	2.26	1.96
E	4.12	3.94	3.65	3.25	2.82	2.45
F	4.82	4.60	4.26	3.80	3.31	2.88
H	5.52	5.26	4.88	4.35	3.79	3.30
J	6.21	5.93	5.50	4.90	4.26	3.70
L	6.91	6.59	6.11	5.45	4.74	4.12



**ARKANSAS
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RATE PAGES**

COLLISION DEDUCTIBLES BY SYMBOL & MODEL YEAR FACTORS

COLLISION PRICE GROUP SYMBOL FACTORS						
PGS	\$100	\$150	\$250	\$500	\$1,000	\$2,500
M	0.73	0.68	0.59	0.45	0.24	0.18
O	0.88	0.83	0.74	0.59	0.37	0.29
S	1.00	0.95	0.86	0.68	0.47	0.38
T	1.10	1.06	0.99	0.78	0.56	0.46
U	1.27	1.23	1.15	0.94	0.67	0.56
V	1.40	1.36	1.28	1.06	0.77	0.66
W	1.51	1.47	1.40	1.17	0.86	0.74
N	1.63	1.59	1.51	1.27	0.95	0.82
P	1.76	1.72	1.63	1.38	1.03	0.90
Q	1.91	1.85	1.73	1.49	1.12	0.97
R	2.06	1.99	1.85	1.59	1.21	1.04
G	2.22	2.14	1.99	1.71	1.33	1.14
I	2.40	2.32	2.18	1.87	1.51	1.31
K	2.62	2.54	2.38	2.06	1.68	1.46
C	2.97	2.88	2.69	2.37	1.91	1.68
D	3.40	3.28	3.05	2.69	2.12	1.85
E	3.55	3.44	3.23	2.79	2.22	1.93
F	3.96	3.85	3.62	3.13	2.49	2.18
H	4.38	4.26	4.00	3.46	2.76	2.41
J	4.81	4.67	4.38	3.79	3.03	2.64
L	5.23	5.08	4.78	4.14	3.29	2.88

MODEL YEAR	COLL FACTOR
2013	1.469
2012	1.360
2011	1.259
2010	1.166
2009	1.080
2008	1.000
2007	0.935
2006	0.873
2005	0.816
2004	0.763
2003	0.713
2002 & Prior	0.666

Multiply by 8% for each subsequent
model years not shown

8. SUSPENSION

- A. Under any policy providing Comprehensive and Collision Coverages, only Collision may be suspended and only if there is no lienholder for that vehicle. However, if there is a lienholder for that vehicle, Collision coverage may be suspended if evidence is provided that the registration for that vehicle has been surrendered to the state.

Transportation Coverage and Towing and Labor Coverage may be suspended, if the vehicle is suspended.

- B. Liability coverages may not be suspended for risks for which a financial responsibility filing is in effect.
- C. Insurance may be suspended by endorsement in accordance with the following provisions provided the period of suspension is at least 30 consecutive days:
- (1) Insurance may be reinstated upon the named insured's request effective not earlier than receipt of such request by the company or any of its authorized representatives.
 - (2) The reinstatement endorsement shall not extend the policy beyond its original expiration date.
 - (3) Pro rata premium credit shall be granted for the period of suspension.
- D. Insurance covering a private passenger auto which is withdrawn from service for a period of at least 30 consecutive days because of a strike may be suspended. Pro rata return premium on such vehicles shall be granted in accordance with Section C provided the insured furnishes the company with a letter requesting the return premium. The letter shall be written on the insured's letterhead, signed by an executive of the insured's company and shall include the following:
- (1) A description of each auto.
 - (2) The dates between which it was laid up because of the strike.
 - (3) A statement by the insured that he agrees to reimburse the company for any payment made by the company on account of any accident, claim or suit involving a coverage for an auto described in the letter for which return premium has been allowed by the company.

E. Miscellaneous Vehicles may not be suspended.

**SECTION: UNIVERSAL SECURITY POLICY PORTFOLIO:
 ENCOMPASS INDEMNITY COMPANY
 MOTOR VEHICLE RULES**
EFFECTIVE: May 13, 2013 New
June 14, 2013 Renewal
PAGE NO: 9-4-Arkansas

F. Deductible Insurance

- (1) Deductible Liability Insurance - is not available for vehicles classified and rated in accordance with the rules of this manual.
- (2) Full Safety Glass Replacement Coverage
 - a. At the option of the insured, Comprehensive Insurance which provides full coverage for the repair or replacement of damaged safety glass, without regard to the applicable Comprehensive deductible, is available.
- (3) When calculating the rates for Comprehensive and Collision coverage, the deductible selected by the insured is considered in conjunction with the Price Group Symbol (PGS) of the vehicle. Refer to the Deductible by PGS tables in the rate pages to determine the appropriate factor.

G. Customized – Private Passenger Autos, Vans and Pickups - Rate as follows:

Multiply the applicable deductible by Symbol (M) rate for the current model year by the following factor to obtain the rate per \$100 of customizing.

Comprehensive: For all model years – .123
 Collision: For all model years – .017

Note: Must be purchased on each coverage (Comprehensive and Collision) that is present on the policy.

H. Extended Transportation and Rental Reimbursement Coverage

Extended Transportation Coverage is available under one of the following five options, provided that Comprehensive coverage is carried on the disabled auto. Option 1 provides Rental Reimbursement only. Options 2 through 5 automatically include Automobile Trip Interruption coverage (at \$100 per day/\$500maximum limit) and Automobile Emergency Transportation Coverage at \$20. Extended Transportation Coverage is optional for Special Value and Special and can be purchased on a per auto basis, but the limits must be the same.

<u>Available Options</u>	<u>Rental Reimbursement</u>		<u>Premium Per Auto</u>
	<u>Per day limit</u>	<u>Maximum limit</u>	
Option 1 (Special Value and Special)	\$ 20	\$ 600	\$ 13
Option 2 (Special Value, Special or Deluxe)*	\$ 30	\$ 900	<u>\$ 25</u>
Option 3 (Special Value, Special, Deluxe or Elite) **	\$ 40	\$ 1,200	<u>\$ 29</u>
Option 4 (Elite only)	\$ 75	\$ 2,250	<u>\$ 58</u>
Option 5 (Elite only)	\$ 100	\$ 3,000	<u>\$ 73</u>

*Option 2 is the minimum limit for Deluxe and is automatically included (using the rate above) on a per auto basis.

*Option 3 is the minimum limit for Elite and is automatically included (using the rate above) on a per auto basis.

**SECTION: UNIVERSAL SECURITY POLICY PORTFOLIO:
 ENCOMPASS INDEMNITY COMPANY
 MOTOR VEHICLE RULES**
EFFECTIVE: May 13, 2013 New
June 14, 2013 Renewal
PAGE NO: 9-5-Arkansas

I. Towing and Labor Costs

Towing and Labor Coverage is available under one of the following two options, provided that Comprehensive coverage is carried on the disabled auto. This coverage is optional for Special Value and Special and can be purchased on a per auto basis, but the limits must be the same.

<u>Amount of Coverage</u>	<u>Premium Per Auto</u>
\$ 50	\$ 10*
\$ 75	\$ 12**

*For Deluxe, the minimum limit is \$50 and is automatically included (using the rate above) on a per auto basis.

**For Elite, the minimum limit is \$75 and is automatically included (using the rate above) on a per auto basis.

J. Electronic Equipment Coverage

- (1) For Elite and Deluxe, coverage is automatically included at no premium charge. Coverage is subject to the comprehensive deductible.
- (2) For Special, this coverage may be included by purchasing the Automobile Electronic Equipment Coverage endorsement at an additional premium charge as follows:

<u>Coverage Amount</u>	<u>Premium Per Vehicle, Per Year</u>
\$ 200	<u>\$ 19</u>
500	<u>29</u>
1,000	<u>58</u>
2,500	<u>87</u>
3,000	<u>175</u>

This coverage is provided only when comprehensive coverage is purchased on the auto or motor home and is subject to the comprehensive deductible.

Rule I.(2) does not apply to equipment permanently installed in the opening of the dash or console of the auto or motor home normally used by the motor vehicle manufacturer for the installation of a radio.

- (3) For Special Value, coverage may be included by purchasing the Extended Electronic Equipment Coverage endorsement. Payment is subject to the applicable comprehensive or collision deductible.

The additional premium charge for the Extended Electronic Equipment Coverage endorsement is as follows:

<u>Coverage Amount</u>	<u>Premium Per Vehicle, Per Year</u>
\$ 200	<u>\$ 19</u>
500	<u>29</u>
1,000	<u>58</u>
2,500	<u>87</u>
3,000	<u>175</u>

**SECTION: UNIVERSAL SECURITY POLICY PORTFOLIO:
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RULES****EFFECTIVE:** May 13, 2013 New
June 14, 2013 Renewal
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K. Mexico Coverage

For Elite, Deluxe, and Special policies, coverage applies to accidents occurring in Mexico at no additional charge. The Special Value policy provides limited coverage in Mexico within 75 miles of the United States border and only for a period not to exceed ten days after each separate entry. Special Value coverage only applies to automobiles.

L. Replacement Value Coverage

Replacement value coverage for autos may be purchased on new, previously unregistered autos. This coverage may be continued on renewal policies if the coverage has been in force continuously since originally purchased, and the auto is not more than four model years older than the current model year. The premium shall be calculated as follows:

Apply a factor of 1.20 to the Comprehensive and Collision Coverage premiums.

Note: This coverage not available for leased autos. See Underwriting Guidelines for other vehicles not eligible for this coverage.

M. Stated Amount Coverage

Stated Amount Coverage is available for private passenger autos using the rates below. This coverage would be appropriate for older, restored autos whose values are higher than average because of restoration.

Coverage	Rate per \$100 of Stated Amount
Comprehensive	<u>\$ 6.88</u>
Collision	<u>2.09</u>

For deductibles, apply the appropriate auto deductible by Symbol (M) factors in the rate pages.

Note: This coverage is available for antique autos.

N. Motor Vehicle Auto Loan and Lease Deficiency Coverage**1. Eligibility**

A policy providing both collision and comprehensive coverage may be extended to provide coverage for the difference between the unpaid principal due on a loan/lease financing agreement and the actual cash value of the vehicle, in the event of a total loss, subject to the following:

- This coverage may be provided only to a vehicle that is a private passenger auto, pickup, van or motor home.
- The insured must request this coverage within 30 days of the date the vehicle is financed and added to the policy.
- The vehicle must be new, defined as never previously titled under the motor vehicle laws of any state.

Note: This coverage is not available when replacement value coverage is also purchased on the vehicle.

**SECTION: UNIVERSAL SECURITY POLICY PORTFOLIO:
ENCOMPASS INDEMNITY COMPANY
MOTOR VEHICLE RULES**

EFFECTIVE: May 13, 2013 New
June 14, 2013 Renewal
PAGE NO: 9-8-Arkansas

B. Work Loss Coverage

(1). Limits: Maximum per person--

- (1) For an Income Earner--\$140 per week for 52 weeks.
- (2) For a Non-Income Earner--\$70 per week for 52 weeks.

(2). Rates:

(a) All Eligible Motor Vehicles

- Charge \$5.81 per car, per year.
- The Classification and SDIP Rules do NOT apply.

C. Accidental Death Benefit

(1). Limits: Maximum per person--\$5,000.

(2). Rates:

(a) All Eligible Motor Vehicles

- Charge \$3.49 per car, per year.
- The Classification and SDIP Rules do NOT apply.

Q. Good Payer Discount

The Good Payer Discount rating factors on the Motor Vehicle Rate Pages will be applied to the otherwise applicable rates for Split Limit or Single Limit Liability, Medical Expenses, Comprehensive, and Collision coverages for all private passenger autos, vans and pickups on the policy when the policy meets the following eligibility requirements:

1. Initial Qualification: All private passenger autos, vans and pickups on the policy, written in Encompass Indemnity Company, will initially qualify for the discount for all policies with an effective date on or after January 25, 2010.
2. Subsequent Qualification: The policy will be evaluated prior to each renewal to determine whether the policy qualifies for the discount at such renewal. The discount will be removed from all private passenger autos, vans and pickups on the policy if a cancellation notice for non-payment of vehicle premiums was sent during the most recent prior 12-month period ending 45 days prior to the renewal effective date. Otherwise, the discount will apply to all private passenger autos, pickups and vans on the policy at renewal.

5. ANNUAL RATES - BASIC LIMITS

A. Motor Vehicle Liability (rates apply per vehicle)

(1) Autos, pickups, vans and registered dune buggies

		<u>BASIC LIMIT RATES</u>	<u>\$100/300 or \$300,000 UNDERLYING LIMIT FLAT CHARGE</u>
<u>Classification</u>	<u>Class Code</u>	<u>All Territories</u>	<u>All Territories</u>
All Operators	7010XX	\$97	<u>\$13.80</u>
Youthful Surcharge:			
Operators Under Age 21	7710XX	<u>\$21.85</u>	<u>\$2.30</u>
Operators Age 21 to 24	7510XX	<u>\$21.85</u>	<u>\$2.30</u>

Senior Discount:

Operators Age 50 and above 7310XX \$18.40 \$1.15

If two or more vehicles above are insured under the same policy apply a factor of 0.80 to the above rates. (Class Code: Single Car XXXX01, Multi Car XXXX02)

If personal umbrella coverage is written on a package policy, apply a factor of 0.67 to the All Operators basic limit rate above. The definition of a package can be found in the General Rules.

(2) Other Miscellaneous Type Vehicles

		<u>BASIC LIMIT RATES</u>	<u>\$100/300 or \$300,000 UNDERLYING LIMIT FLAT CHARGE</u>
<u>Vehicle</u>	<u>Class Code</u>	<u>All Territories</u>	<u>All Territories</u>
Motor Homes	703000	\$22	<u>\$ 2.30</u>
Snowmobiles	704000	\$19	<u>\$ 2.30</u>
All-Terrain Vehicles	705000	\$19	<u>\$ 2.30</u>
Non-Registered Dune Buggies	706000	\$22	<u>\$ 2.30</u>
Golf Carts	707000	\$22	<u>\$ 2.30</u>
Antique Autos	708000	\$22	<u>\$ 2.30</u>

Note: The youthful surcharge should be added for each youthful operator for which coverage is to apply. The senior discount is then applied to any remaining vehicles. The number of youthful surcharges and senior discounts should not exceed the number of motor vehicles on the policy.

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
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State:	Arkansas	Filing Company:	Encompass Indemnity Company
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)		
Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	A-1 Private Passenger Auto Abstract	Filed	01/29/2013
Comments:			
Attachment(s):			
05. StateFilingFormA-1_ER-2178.pdf			

		Item Status:	Status Date:
Satisfied - Item:	APCS-Auto Premium Comparison Survey	Filed	01/29/2013
Comments:			
Attachment(s):			
02. State Filing Form APCS Updated ER-2178.pdf			
03. State Filing Form APCS updated ER-2178.xls			

		Item Status:	Status Date:
Satisfied - Item:	NAIC loss cost data entry document	Filed	01/29/2013
Comments:			
Attachment(s):			
01. StateFilingForm_FORM RF-1 Rate Filing Abstract_ER2178.pdf			

		Item Status:	Status Date:
Bypassed - Item:	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	01/29/2013
Bypass Reason:	N/A		

		Item Status:	Status Date:
Satisfied - Item:	Actuarial Support	Filed	01/29/2013
Comments:			
Attachment(s):			

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
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State:	Arkansas	Filing Company:	Encompass Indemnity Company
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)		
Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

- 02. Auto Indication Memo ER-2178.pdf
- 03. Indication Exhibits ER-2178.pdf
- 04. ROE Update Summary ER-2178.pdf

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
<hr/>					
State:	Arkansas	Filing Company:	Encompass Indemnity Company		
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)				
Product Name:	EI PPA				
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634				

Attachment 03. State Filing Form APCS updated ER-2178.xls is not a PDF document and cannot be reproduced here.

ARKANSAS INSURANCE DEPARTMENT

FORM A-1
Rev. 4/98

PRIVATE PASSENGER AUTOMOBILE ABSTRACT

Instructions: All questions must be answered. If the answer is "none" or "Not applicable", so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submission that do not alter the information contained herein need not include this form.

Company Name Encompass Indemnity CompanyNAIC No. 15130Group No. 008

1. Are there any areas in the State of Arkansas in which your company will not write automobile insurance?
No

2. Do you furnish a market for young drivers? Yes
Over age 65 drivers? Yes

3. Do you require collateral business to support a youthful driver risk? Yes

4. Do you insure driver with an international or foreign driver's license? Yes

5. Specify the percentage you allow in credit or discounts for the following:

a. Driver Over 55 10 %

b. Good Student Discount 5-15 %

c. Multi-car Discount See below %

Rate varies based on # Operators/#Vehicles/Age of youngest operator

d. Accident Free Discount* 5 %

* 5% discount applied to the total base premiums for BI, PD, CSL, Med, Comp and Coll. For initial qualification, all drivers on the policy must be free of chargeable accidents and major violations during the 60 months immediately preceding the policy effective date.

e. Anti-theft Discount 5-15 %

f. Other (specify) _____ %

Anti-lock Break/Passive Restraint 5-30 %

_____ %

_____ %

6. Do you have an installment payment plan for automobile insurance? Yes

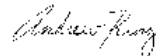
If so, what is the fee for installment payments? For each installment, a \$5 charge shall be added.

7. Does your company utilize a tiered rating plan? Yes

8. If so, list the programs and percentage difference. State the current volume for each program.

The Encompass Indemnity Company expanded multi-tier rating structure is comprised of 1024 tiers based on unique combinations of IS, Prior BI Limit, Years with Prior Carrier, Current BI Limit, and Lapse.

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



Signature

Technician Analyst

Title

(847)402-5812

Telephone Number

NAIC Number:15130Company Name:Encompass Indemnity CompanyContact Person:Andrew KingTelephone No.:847-402-5812Email Address:aking@allstate.comEffective Date:13-May-13

DISCOUNTS OFFERED:
PASSIVE RESTRAINT/AIRBAG30%
AUTO/HOMEOWNERS5-10%
GOOD STUDENT5-15%
ANTI-THEFT DEVICE5-15%
Over 55 Defensive Driver Discount10%
\$250/\$500 Deductible Comp./Coll.N/A%

Private Passenger Auto Premium Comparision Survey Form
FORM APCS - last modified May 2012

Assumptions to Use:
1 Liability -Minimum \$25,000 per person
2 Bodily Injury\$50,000 per accident
\$25,000 per accident
3 Property Damage\$100 deductible per accident
4 Comprehensive & Collision\$250 deductible per accident
5 The insured has elected to accept:
Uninsured motorist property and bodily injury equal to liability coverage
Underinsured bodily injury equal to liability coverage
6 Personal Injury Protection of \$5,000 for medical, loss wages according to statute and \$5,000 accidental death
7 If male and female rates are different, use the highest of the two

Submit to:Arkansas Insurance Department
1200 West Third Street
Little Rock, AR 72201-1904
Telephone:501-371-2800
Email as an attachment to insurance.pnc@arkansas.gov
You may also attach to a SERFF filing or submit on a compact disk

		Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff				
		Gender	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female
Vehicle	Coverages	Age	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66
2008 4.8L Chevrolet Silverado 1500 "LS" regular cab 119" WB	Minimum Liability		\$737	\$743	\$305	\$288	\$774	\$780	\$315	\$296	\$998	\$1,007	\$382	\$356	\$812	\$819	\$326	\$306	\$920	\$928	\$358	\$334
	Minimum Liability with Comprehensive and Collision		\$1,834	\$1,917	\$716	\$625	\$2,225	\$2,350	\$880	\$735	\$2,307	\$2,405	\$865	\$757	\$2,201	\$2,317	\$860	\$728	\$2,212	\$2,317	\$848	\$728
	100/300/50 Liability with Comprehensive and Collision		\$1,705	\$1,778	\$700	\$618	\$2,064	\$2,175	\$849	\$719	\$2,143	\$2,229	\$837	\$739	\$2,041	\$2,143	\$831	\$712	\$2,060	\$2,153	\$824	\$714
2009Ford Explorer "XLT" 2WD, 4 door	Minimum Liability		\$641	\$646	\$276	\$261	\$672	\$678	\$284	\$268	\$815	\$868	\$341	\$319	\$661	\$667	\$294	\$277	\$795	\$803	\$319	\$300
	Minimum Liability with Comprehensive and Collision		\$1,704	\$1,780	\$669	\$588	\$2,010	\$2,119	\$796	\$675	\$2,098	\$2,235	\$809	\$712	\$1,962	\$2,065	\$786	\$673	\$2,024	\$2,118	\$779	\$676
	100/300/50 Liability with Comprehensive and Collision		\$1,576	\$1,642	\$654	\$582	\$1,856	\$1,952	\$770	\$661	\$1,979	\$2,059	\$781	\$694	\$1,853	\$1,943	\$760	\$659	\$1,876	\$1,959	\$757	\$663
2010 Honda Odyssey "EX"	Minimum Liability		\$613	\$617	\$268	\$253	\$642	\$648	\$276	\$260	\$821	\$828	\$329	\$308	\$675	\$681	\$285	\$268	\$759	\$766	\$308	\$290
	Minimum Liability with Comprehensive and Collision		\$2,002	\$2,100	\$777	\$678	\$2,371	\$2,508	\$931	\$783	\$2,504	\$2,621	\$939	\$820	\$2,364	\$2,493	\$917	\$780	\$2,359	\$2,478	\$902	\$776
	100/300/50 Liability with Comprehensive and Collision		\$1,825	\$1,828	\$745	\$657	\$2,162	\$2,282	\$884	\$752	\$2,279	\$2,380	\$890	\$785	\$2,153	\$2,266	\$871	\$749	\$2,156	\$2,260	\$861	\$748
2011 Toyota Camry 2.5L 4 door Sedan	Minimum Liability		\$704	\$709	\$294	\$277	\$738	\$745	\$303	\$285	\$945	\$953	\$365	\$340	\$778	\$784	\$314	\$295	\$874	\$882	\$341	\$320
	Minimum Liability with Comprehensive and Collision		\$2,536	\$2,661	\$958	\$834	\$2,961	\$3,131	\$1,134	\$955	\$3,178	\$3,329	\$1,166	\$1,017	\$2,968	\$3,130	\$1,114	\$956	\$2,964	\$3,116	\$1,107	\$953
	100/300/50 Liability with Comprehensive and Collision		\$2,287	\$2,396	\$901	\$791	\$2,674	\$2,823	\$1,061	\$901	\$2,863	\$2,994	\$1,087	\$955	\$2,677	\$2,818	\$1,051	\$901	\$2,683	\$2,815	\$1,039	\$901
2011 Cadillac Seville "CTS" AWD WAG 4 door 3.0L	Minimum Liability		\$653	\$657	\$279	\$264	\$639	\$690	\$288	\$271	\$874	\$882	\$344	\$322	\$720	\$726	\$298	\$280	\$809	\$816	\$323	\$303
	Minimum Liability with Comprehensive and Collision		\$3,337	\$3,526	\$1,260	\$1,073	\$4,063	\$4,383	\$1,587	\$1,294	\$4,112	\$4,335	\$1,514	\$1,297	\$4,038	\$4,294	\$1,541	\$1,273	\$3,929	\$4,162	\$1,479	\$1,240
	100/300/50 Liability with Comprehensive and Collision		\$2,971	\$3,135	\$1,160	\$995	\$3,673	\$3,915	\$1,458	\$1,196	\$3,656	\$3,849	\$1,384	\$1,192	\$3,603	\$3,827	\$1,414	\$1,176	\$3,512	\$3,715	\$1,361	\$1,147
2010 Hyundai Santa Fe SE 4X2	Minimum Liability		\$621	\$626	\$270	\$255	\$651	\$656	\$278	\$262	\$831	\$838	\$332	\$310	\$684	\$690	\$287	\$270	\$769	\$776	\$311	\$292
	Minimum Liability with Comprehensive and Collision		\$1,642	\$1,713	\$645	\$571	\$1,894	\$1,991	\$748	\$642	\$2,073	\$2,159	\$782	\$692	\$1,907	\$2,000	\$745	\$645	\$1,935	\$2,022	\$743	\$650
	100/300/50 Liability with Comprehensive and Collision		\$1,518	\$1,580	\$631	\$565	\$1,749	\$1,834	\$725	\$630	\$1,912	\$1,987	\$756	\$675	\$1,759	\$1,840	\$722	\$632	\$1,792	\$1,868	\$724	\$640

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	ER-2178
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	Encompass Indemnity Company	B. 15130

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Auto – Liability 19.0, Auto – Physical Damage 21.0	B.

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Bodily Injury	44.6%	15.0%					
Property Damage	23.6%	14.0%					
Medical Payments	105.1%	10.1%					
Uninsured/Underinsured	19.3%	10.0%					
Collision	-22.4%	-3.0%					
Comprehensive	-8.8%	-3.0%					
TOTAL OVERALL EFFECT	9.0%	5.0%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	2,673	0	0	3,057	1,920	62.8%	64.7%
2008	2,895	0	0	3,680	1,919	52.1%	57.7%
2009	2,052	0	0	3,227	2,480	76.9%	68.0%
2010	1,305	0	0	2,428	1,184	76.9%	58.9%
2011	1,042	0%	5/2/11	1,784	1,001	78.2%	58.7%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	15.4%
B. General Expense	8.4%
C. Taxes, License & Fees	3.3%
D. Underwriting Profit & Contingencies	Liab: 5.8% Phys Dmg: 10.0%
E. Other (Debt Provision)	1.4%
F. TOTAL	Liab: 34.3% Phys Dmg: 38.5%

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 15.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 103 & 264

10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

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- I. Summary of Changes and Summary Exhibits**
- II. Auto Statewide Rate Level Indications**

Overview of Auto Indication Methodology
Adjustments to Premium in Detail
Adjustments to Losses in Detail
Catastrophe Adjustments in Detail
Expense and Profit Provision Support

SUMMARY OF CHANGES AND SUMMARY EXHIBITS

The chart below summarizes the indicated and proposed rate level changes included in this filing.

<u>Coverage</u>	Encompass Insurance Group Written Premium at CRL	Encompass Insurance Group Indicated Rate Level Change	Encompass Indemnity Company Written Premium at CRL	Encompass Indemnity Company Selected Rate Level Change
Bodily Injury	\$529,819	44.6%	\$400,689	15.0%
Property Damage	335,864	23.6%	248,026	14.0%
Medical Payments	35,112	105.1%	26,638	10.1%
Uninsured / Underinsured Motorist	176,525	19.3%	135,778	10.0%
Liability Subtotal	\$1,077,320	35.9%	\$811,131	13.7%
Collision	\$724,773	-22.4%	\$595,118	-3.0%
Comprehensive	349,407	-8.8%	282,714	-3.0%
Physical Damage Subtotal	\$1,074,180	-18.0%	\$877,832	-3.0%

TOTAL AUTOMOBILE	\$2,151,500	9.0%	\$1,688,963	5.0%
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The filing contains the following revisions:

Motor Vehicle Rates Manual

Motor Vehicle Rate Adjustment Factors

Encompass is revising the motor vehicle rate adjustment factors for Bodily Injury, Property Damage, Medical Payments, Uninsured Motorist – Bodily Injury, Underinsured Motorist – Bodily Injury, Uninsured Motorist – Property Damage, Comprehensive, Collision, Customization, and Loan/Lease coverages in order to reach the desired impact shown above.

Motor Home Rate Adjustment Factors

With this filing, the motor home rate adjustment factors for Bodily Injury, Property Damage, Medical Payments, Uninsured/Underinsured Motorist – Bodily Injury, Uninsured Motorist – Property Damage, Comprehensive, and Collision coverages in order to reach the desired impact shown above.

Miscellaneous Vehicle Rate Adjustment Factors

Encompass is revising the miscellaneous vehicle rate adjustment factors for the following coverages: Bodily Injury, Property Damage, Medical Payments, Uninsured/Underinsured Motorist – Bodily Injury, Uninsured Motorist – Property Damage, Comprehensive, and Collision in order to reach the desired impact shown above.

Editorial Revision

Encompass has editorially rolled up the Model Year Factors for Comprehensive and Collision coverages. Please reference the Motor Vehicle Rates Manual for the revision.

Motor Vehicle Rules Manual

Rental Reimbursement Coverage

The charge for Rental Reimbursement Coverage has been revised with this filing in order to reach the desired impact shown above. Please reference Rule 9.H of the Motor Vehicle Rules Manual for the revised rates.

Electronic Equipment Coverage

Encompass is revising the charge for Electronic Equipment Coverage in order to reach the desired impact shown above. Please reference Rule 9.J of the Motor Vehicle Rules Manual for the revised rates.

Stated Amount Coverage

With this filing, the Stated Amount Coverage has been revised in order to reach the desired impact shown above. Please reference Rule 9.M. of the Motor Vehicle Rules Manual for the revised rates.

Work Loss Coverage

Encompass has revised the rate for Work Loss Benefit Coverage with this filing in order to reach the desired impact shown above. Please reference Rule 9.P.2.B of the Motor Vehicle Rules Manual for the revised rate.

Accidental Death Benefit Coverage

The Accidental Death Benefit rate has been revised with this filing in order to reach the desired impact shown above. Please reference Rule 9.P.2.C of the Motor Vehicle Rules Manual for the revised rate.

Editorial Revision

Encompass has made an editorial revision to Rule 8 "Suspension" to include that Miscellaneous Vehicles may not be suspended from Liability Coverage. Please reference Rule 8 of the Motor Vehicle Rules Manual for the revised verbiage.

Personal Umbrella Rules Manual

Excess Liability Basic Limits

The Basic Limit Rates for Excess Liability have been revised with this filing in order to reach the desired impact shown above. Please reference Rule 5.A of the Personal Umbrella Rules Manual for the revised rates.

OVERVIEW OF AUTO INDICATION METHODOLOGY

Exhibits 1 – 11 of this section show the Determination of Statewide Rate Level Indications for Arkansas. The objective of this process is to determine the indicated rate level need. This is done by evaluating the adequacy of the present rates to pay for Encompass' best estimate of losses and expenses, including a reasonable profit margin that will be incurred from annual policies written in the year after the proposed effective date.

Encompass is utilizing a combined company pure premium indication methodology for its Private Passenger Auto indication, which represents the rate need for the state of Arkansas as a whole. The Statewide Rate Level Indication has been developed using combined data elements from Encompass Insurance Group in Arkansas. The aggregation of underlying data should provide a more stable, responsive, and credible basis for evaluation; as such, a complement of credibility will not be used.

With this filing, Encompass is incorporating a change in the underlying premiums and exposure data for the Medical Payments indication. Encompass has updated the coverage codes that should be included to reflect exposures and premiums falling within Medical Payments but had previously not been included in our indications. This update will better reflect Encompass' view of the rate adequacy of the Medical Payments coverage.

The statewide rate level indication is based on data from five rolling accident years for Bodily Injury, Property Damage, Medical Payments, Uninsured / Underinsured Motorist, Comprehensive, and Collision with losses ending **March 31, 2012**, evaluated as of **June 30, 2012**.

Experience Year Weights

In order to develop a credible measure of the indicated rate level, it is sometimes necessary to use more than one year of historical loss experience. Data for up to five experience years is combined to determine the indicated provision for loss and loss adjustment expense for each coverage. The number of years needed to determine the rate level indication for each coverage is derived from a credibility procedure based upon the number of paid claims and the distribution of claims for each coverage. This method also allows us to determine the weight to apply to each year of experience. The credibility procedure that was used is more fully described in the paper "On the Credibility of the Pure Premium" (Proceedings of the Casualty Actuarial Society, Vol. LV, 1968) by Mayerson, Jones and Bowers. The analysis for each coverage was completed using a k value of 10.0% and a P value of 90.0%; these parameters reflect the desire that the observed pure premium should be within k of the expected pure premium with probability P .

The weights applied to the loss experience for the experience years are determined for each coverage by the distribution of earned exposures over those years. The weights are based on the exposure distribution rather than the claim distribution in order to lessen the impact of volatility that can occur in the claim distribution. The initial calculated weight for a given year is limited to the weight for the subsequent year and the final weights are calculated proportionate to the limited weights to total 100%. Please refer to **Exhibit 4** for the experience year weights shown by coverage.

ADJUSTMENTS TO PREMIUMS

Current Rate Level Factors

Encompass uses an updated methodology that assumes that exposures are written uniformly by quarter, using a procedure described in a discussion by Frank Karlinski of the paper entitled "A Refined Model for Premium Adjustment", by David Miller and George Davis. (Mr. Karlinski's discussion appeared in the Proceedings of the Casualty Actuarial Society (PCAS), Vol. LXIV, 1977, and the paper by Miller and Davis appeared in the PCAS, Vol LXIII, 1976). This method (which is referred to as "Miller-Davis-Karlinski") more accurately calculates factors to current rate level in instances when exposures are changing throughout the year, whether through growth, shrinkage or seasonality. (When exposures are, in fact, written uniformly throughout the year, this method produces approximately the same answers as the parallelogram method.)

Premium Trend Factors

In addition to bringing premiums to current rate level, changes in the average written premium at the current rate level were reviewed. Unlike losses, premium is relatively stable. As the statewide rate level indication is developed using a Pure Premium methodology, only the latest year of premium is used as a basis for determining the indicated rate level change, which eliminates the need for historical annual premium trends. Prospective annual premium trends are still selected to account for expected shifts in the distribution of various rating characteristics such as driver classification, increased limits, model year and price group symbols (PGS) / Insurance Services Office (ISO) symbols. Since the effects on losses caused by these shifts are reflected in the loss projections, it is important that Encompass also account for the anticipated future changes in premiums. These selections are used to project the data from the average earned date of the experience period to the average earned date of the future policy period. Selected annual premium trends and overall premium trend factors for all coverages are shown in **Exhibit 5.A**. Encompass Insurance Group trend data is included as **Exhibit 5.B** to this attachment.

ADJUSTMENTS TO LOSSES

Loss Development

The losses for a given accident year may not have been fully determined at the evaluation date of this review. As such, the losses must be adjusted to an ultimate settlement basis. This is accomplished by analyzing historical patterns of incurred loss development for liability coverage and paid loss development for physical damage coverages and selecting loss development factors. Countrywide data has been considered in the selection of the loss development factors because of limited Arkansas specific historical data. Losses used in the analysis include allocated loss adjustment expenses but exclude catastrophes in order to minimize distortions. Age-to-age factors are selected for each coverage using total limits losses and are then used to calculate loss development factors. Additional analysis of losses limited to \$100,000 per claim is performed to develop limited losses to ultimate for Bodily Injury coverage and Uninsured/Underinsured Motorist coverage. The selected loss development factors that have been used in this filing are shown in **Exhibit 6**.

Excess Loss Provision

An excess loss provision is included to account for the expected exposure to large, fortuitous losses. Total ultimate losses for Bodily Injury coverage and Uninsured/Underinsured Motorist coverage are estimated by multiplying losses capped at \$100,000 per claim by a limited loss development factor and then by an excess loss factor. Encompass Insurance Group data has been considered in the selection of the excess loss provision. The excess loss factor is the selected ratio of ultimate unlimited losses to ultimate limited losses. The selected excess loss factors used in this filing are shown in **Exhibit 7**.

Loss Trend

The historical losses from the experience period are adjusted to account for expected differences in historical and future cost levels. While loss development factors adjust losses and allocated loss adjustment expenses (ALAE) to an ultimate settlement basis, they do not reflect the prospective rate of change in the occurrence of accidents (frequency) or in the cost of accidents (severity). To properly adjust historical costs to future cost levels, a loss trend adjustment is applied. The credibility level of Encompass loss trend data was analyzed by coverage based on the number of claims paid in the latest experience year.

Frequency and severity amounts are calculated using the methodology in “The Effect of Changing Exposure Levels on Calendar Year Loss Trends” (Casualty Actuarial Society Forum, Winter 2005) by Chris Styrsky. This methodology helps to more consistently match losses and claims paid with the exposures that produced the claims.

For each coverage, the annual selections are used to project the data from the average occurrence date of the experience period to the average occurrence date of the future policy period. These selected trends are displayed in **Exhibit 8.A**. The calculations of loss trend factors are also shown in **Exhibit 8.A**. Encompass Insurance Group trend data is included in **Exhibit 8.B**. Industry trend data is included in **Exhibit 8.C**. Please note that Encompass has selected trend and projection factors separately for each coverage, with the exception of Medical Payments and Uninsured/Underinsured Motorist. Bodily Injury trends were used to select the trends for Medical Payments and Uninsured/Underinsured Motorist.

Loss Adjustment Expenses

Losses in the experience period for each coverage have been adjusted to account for unallocated loss adjustment expenses (ULAE). A provision is developed using countrywide Encompass Insurance Group data in combined-lines form.

A three-year average of the ratios of countrywide, combined-lines, calendar year ULAE to countrywide, combined-lines, calendar year incurred losses is used to determine the ULAE provision. The average ratio is then applied to the losses for each coverage for each year used in the formula calculation. The ULAE ratio that has been used in this filing is shown in **Exhibit 4**.

Allocated loss adjustment expenses are included in both incurred losses and paid losses.

CATASTROPHE ADJUSTMENTS

In order to more appropriately account for catastrophes with Comprehensive coverage, all actual catastrophe losses during the experience period were removed. A catastrophe loss provision based upon 24 years of data in Arkansas, is used to account for catastrophes, as shown in **Exhibit 4**. This catastrophe loss provision was calculated by dividing total catastrophe losses by total Comprehensive coverage incurred losses excluding catastrophes over the 24-year period. As developed in **Exhibit 9**, the resulting catastrophe provision is **18.3%**.

EXPENSES & PROFITS

Exhibit 10.1 shows the expense provisions used in developing the current fixed and variable expense provisions.

General and Other Acquisition Expense

The provisions for general expense and other acquisition expense are based on countrywide data, excluding involuntary business. Since the methods and procedures that incur these expenses are uniform within each state, it is a reasonable assumption that these expense provisions are uniform across all states. To develop the provision for other acquisition and general expenses, a three-year average of countrywide, combined-lines, calendar year incurred expense divided by countrywide calendar year direct earned premium was calculated. Line specific adjustments to other acquisition expenses are made, such as the reduction by the amount of installment fees collected and the adjustment for premiums written off.

In developing the dollar provision for general and other acquisition expenses used in the calculation of the rate level need by coverage, the three-year countrywide average expense ratio for general and other acquisition expenses is applied to the average earned premium of Arkansas. The average earned premium is developed using the same three-year period used in the calculation of the countrywide expense ratio. The provision is then adjusted for inflation expected to occur from the midpoint of the three years used in the calculation of the average earned premium to the average earned date of the proposed policy period to derive the provision included in the rate level indication.

Licenses and Fees

A provision for licenses and fees that do not vary by premium size is determined by taking the arithmetic average ratio of these licenses and fees from the latest three calendar years in Arkansas. The provision for licenses and fees is considered, along with the general and other acquisition expense provisions, to be a fixed expense.

Fixed Expense Trend (Inflation)

The method used to calculate the fixed expense trend is similar to the method used by the Insurance Services Office (I.S.O.) and other competitors to determine a fixed expense trend. The method utilizes the CPI (Consumer Price Index) and the ECI (Employment Cost Index – Insurance Carriers, Agents, Brokers, & Service) and is discussed by Geoffrey Todd Werner, FCAS, MAAA in his paper Incorporation of Fixed Expenses, which was published in the *CAS Forum* (Winter 2004). Based on a review of the historical indices, an annual percentage change is selected for each index. These selected annual percent changes are then weighted together using the distribution of the Allstate expenditures in the latest calendar year for the two broad expense categories that these indices represent. This method is expected to produce stable and reasonable estimates of the true trend in fixed expenses and is consistent with the Current Practices and Alternatives detailed in Section 4 of Actuarial Standard of Practice No. 13, *Trending Procedures in Property/Casualty Insurance Ratemaking*. This trend is applied to general expenses, other acquisition expenses, and licenses and fees. **Exhibit 10.2** shows the derivation of the Factor to Adjust for Subsequent Change in Fixed Expense.

Commission and Brokerage Expense and Taxes

The proposed commission and brokerage expense provision has been developed from the actual calendar year 2011 commission and brokerage incurred expense ratio in Arkansas. The provision for taxes reflects the actual state premium tax and, where applicable, other premium-related taxes such as Fire Marshall taxes and Municipal taxes. The provisions are shown in **Exhibit 11**.

Underwriting Profit Provision

Encompass performs two separate cost of capital analyses in the estimation of its cost of equity. The first uses the Fama-French Three-factor Model (FF3F), which reflects developments in the field of financial economics as published in the Casualty Actuarial Society Forum, Winter, 2004 and in Journal of Risk and Insurance, Vol. 72, No. 3, September 2005 ("Estimating the Cost of Equity Capital For Property-Liability Insurers" by J. David Cummins and Richard D. Phillips). The second is a Discounted Cash Flow (DCF) analysis, which estimates the expected future cash flows to investors in order to gauge the proper cost of equity. Once both the DCF and FF3F estimates had been calculated, Encompass selected a cost of equity of 10.0%, which reflected the outcomes of both analyses.

An analysis of premium, loss and expense cash flows is used to calculate the investment income on policyholder supplied funds (PHSF). This methodology is one of the two examples given in Actuarial Standard of Practice, No. 30 as appropriate methods for recognizing investment income from insurance operations (page 4).

The calculations detailing this investment income analysis are found in **Exhibit 11.1** and **11.2** for liability and physical damage coverages, respectively. The rate (applied as a force of interest) used to discount losses and expenses includes anticipated net investment income and anticipated capital gains, both realized and unrealized. Operating cash flows are discounted to the average time of earnings of premium and profit for the policy year, rather than to the start of the policy year.

Please refer to the attached documented titled "The Development of the Underwriting Profit Provision" for more information.

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Exhibit 6 -	Loss +ALAE Development Factors
Exhibit 7 -	Excess Loss Provision
Exhibit 8 -	Loss Trends 8.A - Calculation of Pure Premium Loss Trend Factors 8.B - Pure Premium Loss Trends (Encompass) 8.C - Pure Premium Loss Trends (Industry)
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Expenses

Exhibit 10 -	Summary of Expense Provisions
Exhibit 11 -	Summary of Profit and Debt Provisions

Encompass Insurance Group
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Exhibit 1

Summary of Changes

<u>Coverage</u>	Encompass Insurance Group Written Premium at CRL	Encompass Insurance Group Indicated Rate Level Change	Encompass Indemnity Company Written Premium at CRL	Encompass Indemnity Company Selected Rate Level Change
Bodily Injury	\$529,819	44.6%	\$400,689	15.0%
Property Damage	335,864	23.6%	248,026	14.0%
Medical Payments	35,112	105.1%	26,638	10.1%
Uninsured / Underinsured Motorist	176,525	19.3%	135,778	10.0%
Liability Subtotal	\$1,077,320	35.9%	\$811,131	13.7%
Collision	\$724,773	-22.4%	\$595,118	-3.0%
Comprehensive	349,407	-8.8%	282,714	-3.0%
Physical Damage Subtotal	\$1,074,180	-18.0%	\$877,832	-3.0%
TOTAL AUTOMOBILE	\$2,151,500	9.0%	\$1,688,963	5.0%

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Exhibit 2.A.1

Development of Statewide Rate Level Indication - Bodily Injury

1)	Current Fixed Expense Ratio (Exhibit 10.1)	9.7 %
2)	Three Year Average Earned Premium	\$185.18
3)	Current Dollar Provision for Fixed Expense = [(1) x (2)]	\$17.96
4)	Factor to Adjust for Subsequent Change in Fixed Expense (Exhibit 10.2)	1.094
5)	Indicated Provision for Fixed Expense = [(3) x (4)]	\$19.65
6)	Variable Expense and Profit Ratio (Exhibit 11.1)	24.6 %
7)	Indicated Provision for Loss and LAE (Exhibit 4.1)	\$179.12
8)	Indicated Average Premium = [(7) + (5)] / [1 - (6)]	\$263.62
9)	Projected Average Earned Premium at Current Rates (Exhibit 3.1)	\$182.35
10)	Indicated Rate Level Change = [(8) / (9) - 1]	44.6 %

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Exhibit 2.A.2

Development of Statewide Rate Level Indication - Property Damage

1)	Current Fixed Expense Ratio (Exhibit 10.1)	9.7 %
2)	Three Year Average Earned Premium	\$123.09
3)	Current Dollar Provision for Fixed Expense = [(1) x (2)]	\$11.94
4)	Factor to Adjust for Subsequent Change in Fixed Expense (Exhibit 10.2)	1.094
5)	Indicated Provision for Fixed Expense = [(3) x (4)]	\$13.06
6)	Variable Expense and Profit Ratio (Exhibit 11.1)	24.6 %
7)	Indicated Provision for Loss and LAE (Exhibit 4.2)	\$93.72
8)	Indicated Average Premium = [(7) + (5)] / [1 - (6)]	\$141.62
9)	Projected Average Earned Premium at Current Rates (Exhibit 3.2)	\$114.58
10)	Indicated Rate Level Change = [(8) / (9) -1]	23.6 %

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Exhibit 2.A.3

Development of Statewide Rate Level Indication - Medical Payments

1)	Current Fixed Expense Ratio (Exhibit 10.1)	9.7 %
2)	Three Year Average Earned Premium	\$158.05
3)	Current Dollar Provision for Fixed Expense = [(1) x (2)]	\$15.33
4)	Factor to Adjust for Subsequent Change in Fixed Expense (Exhibit 10.2)	1.094
5)	Indicated Provision for Fixed Expense = [(3) x (4)]	\$16.77
6)	Variable Expense and Profit Ratio (Exhibit 11.1)	24.6 %
7)	Indicated Provision for Loss and LAE (Exhibit 4.3)	\$4.39
8)	Indicated Average Premium = [(7) + (5)] / [1 - (6)]	\$28.06
9)	Projected Average Earned Premium at Current Rates (Exhibit 3.2)	\$13.68
10)	Indicated Rate Level Change = [(8) / (9) - 1]	105.1 %

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Exhibit 2.A.4

Development of Statewide Rate Level Indication - Uninsured/Underinsured Motorist

1)	Current Fixed Expense Ratio (Exhibit 10.1)	9.7 %
2)	Three Year Average Earned Premium	\$57.48
3)	Current Dollar Provision for Fixed Expense = [(1) x (2)]	\$5.58
4)	Factor to Adjust for Subsequent Change in Fixed Expense (Exhibit 10.2)	1.094
5)	Indicated Provision for Fixed Expense = [(3) x (4)]	\$6.10
6)	Variable Expense and Profit Ratio (Exhibit 11.1)	24.6 %
7)	Indicated Provision for Loss and LAE (Exhibit 4.4)	\$50.36
8)	Indicated Average Premium = [(7) + (5)] / [1 - (6)]	\$74.88
9)	Projected Average Earned Premium at Current Rates (Exhibit 3.2)	\$62.78
10)	Indicated Rate Level Change = [(8) / (9) - 1]	19.3 %

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Exhibit 2.A.5

Development of Statewide Rate Level Indication - Collision

1)	Current Fixed Expense Ratio (Exhibit 10.1)	9.7 %
2)	Three Year Average Earned Premium	\$354.56
3)	Current Dollar Provision for Fixed Expense = [(1) x (2)]	\$34.39
4)	Factor to Adjust for Subsequent Change in Fixed Expense (Exhibit 10.2)	1.094
5)	Indicated Provision for Fixed Expense = [(3) x (4)]	\$37.62
6)	Variable Expense and Profit Ratio (Exhibit 11.2)	28.8 %
7)	Indicated Provision for Loss and LAE (Exhibit 4.5)	\$158.25
8)	Indicated Average Premium = [(7) + (5)] / [1 - (6)]	\$275.10
9)	Projected Average Earned Premium at Current Rates (Exhibit 3.5)	\$354.64
10)	Indicated Rate Level Change = [(8) / (9) - 1]	-22.4 %

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Exhibit 2.A.6

Development of Statewide Rate Level Indication - Comprehensive

1)	Current Fixed Expense Ratio (Exhibit 10.1)	9.7 %
2)	Three Year Average Earned Premium	\$176.20
3)	Current Dollar Provision for Fixed Expense = [(1) x (2)]	\$17.09
4)	Factor to Adjust for Subsequent Change in Fixed Expense (Exhibit 10.2)	1.094
5)	Indicated Provision for Fixed Expense = [(3) x (4)]	\$18.70
6)	Variable Expense and Profit Ratio (Exhibit 11.2)	28.8 %
7)	Indicated Provision for Loss and LAE (Exhibit 4.6)	\$91.23
8)	Indicated Average Premium = [(7) + (5)] / [1 - (6)]	\$154.40
9)	Projected Average Earned Premium at Current Rates (Exhibit 3.6)	\$169.24
10)	Indicated Rate Level Change = [(8) / (9) -1]	-8.8 %

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Exhibit 3.1

Development of Projected Average Earned Premium at Current Rates - Bodily Injury

	(1)	(2)	(3) (Exhibit 5.A)	(4) = (2) x (3)	(5) = (4) / (1)	(6)
Fiscal Year <u>Ending</u>	<u>Earned Exposures</u>	<u>Earned Premium at Current Rates</u>	<u>Factor to Adjust to Projected Premium Level</u>	<u>Projected Earned Premium at Current Rates</u>	<u>Projected Average Earned Premium at Current Rates</u>	<u>Experience Year Weights</u>
3/31/2012	3,058	\$605,457	0.921	\$557,626	\$182.35	100 %
(7) Projected Average Earned Premium At Current Rates					\$182.35	

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Exhibit 3.2

Development of Projected Average Earned Premium at Current Rates - Property Damage

	(1)	(2)	(3) (Exhibit 5.A)	(4) = (2) x (3)	(5) = (4) / (1)	(6)
Fiscal Year <u>Ending</u>	<u>Earned Exposures</u>	<u>Earned Premium at Current Rates</u>	<u>Factor to Adjust to Projected Premium Level</u>	<u>Projected Earned Premium at Current Rates</u>	<u>Projected Average Earned Premium at Current Rates</u>	<u>Experience Year Weights</u>
3/31/2012	3,058	\$391,498	0.895	\$350,391	\$114.58	100 %
(7) Projected Average Earned Premium At Current Rates					\$114.58	

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Exhibit 3.3

Development of Projected Average Earned Premium at Current Rates - Medical Payments

	(1)	(2)	(3) (Exhibit 5.A)	(4) = (2) x (3)	(5) = (4) / (1)	(6)
Fiscal Year <u>Ending</u>	<u>Earned Exposures</u>	<u>Earned Premium at Current Rates</u>	<u>Factor to Adjust to Projected Premium Level</u>	<u>Projected Earned Premium at Current Rates</u>	<u>Projected Average Earned Premium at Current Rates</u>	<u>Experience Year Weights</u>
3/31/2012	2,795	\$40,377	0.947	\$38,237	\$13.68	100 %
(7) Projected Average Earned Premium At Current Rates					\$13.68	

Exhibit 3.4

	(1)	(2)	(3) (Exhibit 5.A)	(4) = (2) x (3)	(5) = (4) / (1)	(6)
Fiscal Year Ending	Earned Exposures	Earned Premium at Current Rates	Factor to Adjust to Projected Premium Level	Projected Earned Premium at Current Rates	Projected Average Earned Premium at Current Rates	Experience Year Weights
3/31/2012	3,058	\$191,976	1.000	\$191,976	\$62.78	100 %

(7) Projected Average Earned Premium At Current Rates	\$62.78
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Exhibit 3.5

Development of Projected Average Earned Premium at Current Rates - Collision

	(1)	(2)	(3) (Exhibit 5.A)	(4) = (2) x (3)	(5) = (4) / (1)	(6)
Fiscal Year <u>Ending</u>	<u>Earned Exposures</u>	<u>Earned Premium at Current Rates</u>	<u>Factor to Adjust to Projected Premium Level</u>	<u>Projected Earned Premium at Current Rates</u>	<u>Projected Average Earned Premium at Current Rates</u>	<u>Experience Year Weights</u>
3/31/2012	2,217	\$786,245	1.000	\$786,245	\$354.64	100 %
(7) Projected Average Earned Premium At Current Rates					\$354.64	

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Exhibit 3.6

Development of Projected Average Earned Premium at Current Rates - Comprehensive

	(1)	(2)	(3) (Exhibit 5.A)	(4) = (2) x (3)	(5) = (4) / (1)	(6)
Fiscal Year <u>Ending</u>	<u>Earned Exposures</u>	<u>Earned Premium at Current Rates</u>	<u>Factor to Adjust to Projected Premium Level</u>	<u>Projected Earned Premium at Current Rates</u>	<u>Projected Average Earned Premium at Current Rates</u>	<u>Experience Year Weights</u>
3/31/2012	2,255	\$381,627	1.000	\$381,627	\$169.24	100 %
(7) Projected Average Earned Premium At Current Rates					\$169.24	

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Exhibit 4.1

Development of Provision for Loss and LAE - Bodily Injury

	(1)	(2)	(3)	(4) = (2) * (1+ (3))	(5) Exhibit 7	(6) (Exhibit 8.A)	(7) = (4) x (5) x (6)	(8) = (7) / (1)	(9)
Fiscal Year Ending	Earned Exposures	Developed Limited Ex-Cat Losses and ALAE	ULAE Provision	Developed Limited Ex-Cat Losses and LAE	Excess Loss Provision	Factor to Adjust Losses for Pure Premium Trend	Projected Ultimate Loss and LAE	Projected Average Loss and LAE	Experience Year Weights
3/31/2008	6,439	\$827,684	0.138	\$941,904	1.230	1.000	\$1,158,542	\$179.93	20 %
3/31/2009	6,671	770,193	0.138	876,480	1.230	1.000	\$1,078,070	\$161.61	20
3/31/2010	5,446	798,487	0.138	908,678	1.230	1.000	\$1,117,674	\$205.23	20
3/31/2011	3,988	607,255	0.138	691,056	1.230	1.000	\$849,999	\$213.14	20
3/31/2012	3,058	296,475	0.138	337,389	1.230	1.000	\$414,988	\$135.71	20
(10) Indicated Provision for Loss and LAE							\$179.12		

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Exhibit 4.2

Development of Provision for Loss and LAE - Property Damage

	(1)	(2)	(3)	(4) = (2) * (1+ (3))	(5) (Exhibit 8.A)	(6) = (4) x (5)	(7) = (6) / (1)	(8)
Fiscal Year Ending	Earned Exposures	Developed Ex-Cat Losses and ALAE	ULAE Provision	Developed Ex-Cat Losses and LAE	Factor to Adjust Losses for Pure Premium Trend	Projected Ultimate Loss and LAE	Projected Average Loss and LAE	Experience Year Weights
3/31/2008	6,439	\$464,037	0.138	\$528,074	1.000	\$528,074	\$82.01	20 %
3/31/2009	6,671	417,517	0.138	475,134	1.000	475,134	71.22	20
3/31/2010	5,446	522,782	0.138	594,926	1.000	594,926	109.24	20
3/31/2011	3,988	415,464	0.138	472,798	1.000	472,798	118.56	20
3/31/2012	3,058	235,351	0.138	267,829	1.000	267,829	87.58	20
		(9) Indicated Provision for Loss and LAE				\$93.72		

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Exhibit 4.3

Development of Provision for Loss and LAE - Medical Payments

	(1)	(2)	(3)	(4) = (2) * (1+ (3))	(5) (Exhibit 8.A)	(6) = (4) x (5)	(7) = (6) / (1)	(8)
Fiscal Year Ending	Earned Exposures	Developed Ex-Cat Losses and ALAE	ULAE Provision	Developed Ex-Cat Losses and LAE	Factor to Adjust Losses for Pure Premium Trend	Projected Ultimate Loss and LAE	Projected Average Loss and LAE	Experience Year Weights
3/31/2008	5,641	\$5,366	0.138	\$6,107	1.000	\$6,107	\$1.08	20 %
3/31/2009	5,654	65,053	0.138	74,030	1.000	\$74,030	\$13.09	20
3/31/2010	4,679	10,523	0.138	11,975	1.000	\$11,975	\$2.56	20
3/31/2011	3,571	14,970	0.138	17,036	1.000	\$17,036	\$4.77	20
3/31/2012	2,795	1,076	0.138	1,224	1.000	\$1,224	\$0.44	20
			(9) Indicated Provision for Loss and LAE			\$4.39		

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Exhibit 4.4

Development of Provision for Loss and LAE - Uninsured / Underinsured Motorist

	(1)	(2)	(3)	(4) = (2) * (1+ (3))	(5) Exhibit 7	(6) (Exhibit 8.A)	(7) = (4) x (5) x (6)	(8) = (7) / (1)	(9)
Fiscal Year Ending	Earned Exposures	Developed Limited Ex-Cat Losses and ALAE	ULAE Provision	Developed Limited Ex-Cat Losses and LAE	Excess Loss Provision	Factor to Adjust Losses for Pure Premium Trend	Projected Ultimate Loss and LAE	Projected Average Loss and LAE	Experience Year Weights
3/31/2008	6,439	\$279,721	0.138	\$318,322	1.110	1.000	\$353,337	\$54.87	20 %
3/31/2009	6,671	343,818	0.138	391,265	1.110	1.000	\$434,304	\$65.10	20
3/31/2010	5,446	233,647	0.138	265,890	1.110	1.000	\$295,138	\$54.19	20
3/31/2011	3,988	107,715	0.138	122,580	1.110	1.000	\$136,064	\$34.12	20
3/31/2012	3,058	105,329	0.138	119,864	1.110	1.000	\$133,049	\$43.51	20
(10) Indicated Provision for Loss and LAE							\$50.36		

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Exhibit 4.5

Development of Provision for Loss and LAE - Collision

	(1)	(2)	(3)	(4) = (2) * (1+ (3))	(5) (Exhibit 8.A)	(6) = (4) x (5)	(7) = (6) / (1)	(8)
Fiscal Year Ending	Earned Exposures	Developed Ex-Cat Losses and ALAE	ULAE Provision	Developed Ex-Cat Losses and LAE	Factor to Adjust Losses for Pure Premium Trend	Projected Ultimate Loss and LAE	Projected Average Loss and LAE	Experience Year Weights
3/31/2008	4,513	\$550,126	0.138	\$626,043	1.000	\$626,043	\$138.72	20 %
3/31/2009	4,485	593,855	0.138	675,807	1.000	675,807	150.68	20
3/31/2010	3,741	694,806	0.138	790,689	1.000	790,689	211.36	20
3/31/2011	2,843	407,840	0.138	464,122	1.000	464,122	163.25	20
3/31/2012	2,217	247,871	0.138	282,077	1.000	282,077	127.23	20
		(9) Indicated Provision for Loss and LAE				\$158.25		

Exhibit 4.6

(3)
(Exhibit 9)

$$(4) \\ = (2) \times [1+(3)]$$
$$(6) = (4) * (1 + (5))$$

(7)
(Exhibit 8.A)

$$(8) \\ = (6) \times (7)$$
$$(9) = (8) / (1)$$

(11) Indicated Provision for Loss and LAE

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Exhibit 5.A

Calculation of Premium Trend Factor

<u>Coverage</u>	<u>Selected Annual Premium Impacts</u>
	<u>Projected</u>
Bodily Injury	-3.00%
Property Damage	-4.00%
Medical Payments	-2.00%
Uninsured / Underinsured Motorist	0.00%
Collision	0.00%
Comprehensive	0.00%

Calculation of Trend Period

	<u>Current Year</u>
1) Average Earned Date of Proposed Policy Period	6/14/2014
2) Mid-Point of Current Year's Experience Period	9/30/2011
3) Experience Period Ended	3/31/2012
4) Midpoint of Experience Period	9/30/2011
5) Historical: Number of Years from (4) to (2)	0.000
6) Projected: Number of Years from (2) to (1)	2.704

Factor to Adjust to Projected Premium Level

	<u>Current Year</u>
Bodily Injury	0.921
Property Damage	0.895
Medical Payments	0.947
Uninsured / Underinsured Motorist	1.000
Collision	1.000
Comprehensive	1.000

(a) Historical Premium Factors are the Annual Historical Impacts plus unity compounded for the number of years in (5)

(b) Projected Premium Factors are the Annual Projected Impacts plus unity compounded for the number of years in (6)

(c) Factor to Adjust to Projected Premium Level = (a) x (b)

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Exhibit 5.B.1

Average Written Premium Trends - Bodily Injury

Year Ending	Average Written Premium @ CRL	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	6 pt.	4 pt.
09/06	\$258.21	-8.5			
12/06	250.02	-10.7			
03/07	239.74	-12.5			
06/07	230.49	-13.4			
09/07	224.06	-13.2	213.02		
12/07	218.13	-12.8	211.77		
03/08	214.11	-10.7	210.52		
06/08	211.18	-8.4	209.28		
09/08	205.87	-8.1	208.04		
12/08	202.18	-7.3	206.81		
03/09	199.23	-7.0	205.59		
06/09	197.84	-6.3	204.38		
09/09	195.36	-5.1	203.18		
12/09	195.90	-3.1	201.98		
03/10	195.00	-2.1	200.79		
06/10	195.83	-1.0	199.60		
09/10	199.37	2.1	198.43		
12/10	200.98	2.6	197.26		
03/11	202.78	4.0	196.09	202.98	
06/11	200.32	2.3	194.94	200.16	
09/11	198.38	-0.5	193.79	197.37	197.46
12/11	193.74	-3.6	192.64	194.62	194.66
03/12	191.04	-5.8	191.51	191.92	191.90
06/12	190.04	-5.1	190.38	189.25	189.17

<u>Regression</u>	<u>20 pt.</u>	<u>6 pt.</u>	<u>4 pt.</u>
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Avg Annual Percent Change Based on Best Fit:	-2.3 %	-5.5 %	-5.6 %
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Exhibit 5.B.2

Average Written Premium Trends - Property Damage

Year Ending	Average Written Premium @ CRL	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	6 pt.	4 pt.
09/06	\$170.37	-8.9			
12/06	165.65	-10.4			
03/07	159.67	-11.4			
06/07	155.09	-11.6			
09/07	151.93	-10.8	148.08		
12/07	148.96	-10.1	146.56		
03/08	147.12	-7.9	145.05		
06/08	145.42	-6.2	143.55		
09/08	141.59	-6.8	142.08		
12/08	138.67	-6.9	140.61		
03/09	136.33	-7.3	139.17		
06/09	134.35	-7.6	137.73		
09/09	132.55	-6.4	136.31		
12/09	131.70	-5.0	134.91		
03/10	130.72	-4.1	133.52		
06/10	129.84	-3.4	132.15		
09/10	131.24	-1.0	130.79		
12/10	132.01	0.2	129.44		
03/11	132.15	1.1	128.11	132.59	
06/11	130.20	0.3	126.79	129.96	
09/11	128.27	-2.3	125.48	127.39	127.70
12/11	124.67	-5.6	124.19	124.86	125.00
03/12	121.37	-8.2	122.91	122.39	122.35
06/12	120.51	-7.4	121.64	119.97	119.76

Regression	20 pt.	6 pt.	4 pt.
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Avg Annual Percent Change Based on Best Fit:	-4.1 %	-7.7 %	-8.2 %
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Exhibit 5.B.3

Average Written Premium Trends - Collision

Year Ending	Average Written Premium @ CRL	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	6 pt.	4 pt.
09/06	\$322.06	11.6			
12/06	326.21	7.2			
03/07	327.65	6.8			
06/07	329.62	4.6			
09/07	332.87	3.4	346.31		
12/07	341.08	4.6	346.93		
03/08	345.90	5.6	347.56		
06/08	351.48	6.6	348.19		
09/08	355.51	6.8	348.83		
12/08	352.49	3.4	349.46		
03/09	350.93	1.5	350.09		
06/09	351.71	0.1	350.73		
09/09	353.18	-0.7	351.36		
12/09	354.86	0.7	352.00		
03/10	358.75	2.2	352.64		
06/10	359.17	2.1	353.28		
09/10	357.47	1.2	353.92		
12/10	356.93	0.6	354.56		
03/11	359.99	0.4	355.20	357.43	
06/11	353.16	-1.7	355.85	356.13	
09/11	356.63	-0.2	356.49	354.83	354.51
12/11	351.88	-1.4	357.14	353.54	353.51
03/12	349.47	-2.9	357.79	352.25	352.50
06/12	354.07	0.3	358.44	350.96	351.50

Regression	20 pt.	6 pt.	4 pt.
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Avg Annual Percent Change Based on Best Fit:	0.7 %	-1.5 %	-1.1 %
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Exhibit 5.B.4

Average Written Premium Trends - Comprehensive

Year Ending	Average Written Premium @ CRL	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	6 pt.	4 pt.
09/06	\$165.88	12.5			
12/06	167.70	7.7			
03/07	169.60	7.8			
06/07	171.22	5.3			
09/07	172.72	4.1	181.81		
12/07	177.08	5.6	181.17		
03/08	178.40	5.2	180.53		
06/08	181.11	5.8	179.89		
09/08	182.15	5.5	179.25		
12/08	180.87	2.1	178.61		
03/09	180.08	0.9	177.98		
06/09	179.73	-0.8	177.35		
09/09	180.16	-1.1	176.72		
12/09	179.87	-0.6	176.09		
03/10	181.30	0.7	175.47		
06/10	179.03	-0.4	174.85		
09/10	176.25	-2.2	174.23		
12/10	172.20	-4.3	173.61		
03/11	172.15	-5.1	173.00	170.78	
06/11	169.06	-5.6	172.38	170.21	
09/11	169.08	-4.1	171.77	169.63	169.02
12/11	168.98	-1.9	171.16	169.06	168.82
03/12	168.14	-2.3	170.56	168.50	168.63
06/12	168.71	-0.2	169.95	167.93	168.43

Regression	20 pt.	6 pt.	4 pt.
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Avg Annual Percent Change Based on Best Fit:	-1.4 %	-1.3 %	-0.5 %
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Exhibit 5.B.5

Average Written Premium Trends - Medical Payments

Year Ending	Average Written Premium @ CRL	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	6 pt.	4 pt.
09/06	\$144.66	10.4			
12/06	152.04	9.8			
03/07	152.56	4.7			
06/07	151.59	6.6			
09/07	152.09	5.1	162.38		
12/07	156.03	2.6	161.81		
03/08	159.48	4.5	161.24		
06/08	163.70	8.0	160.67		
09/08	164.28	8.0	160.10		
12/08	153.71	-1.5	159.53		
03/09	157.61	-1.2	158.97		
06/09	163.24	-0.3	158.41		
09/09	159.69	-2.8	157.85		
12/09	159.87	4.0	157.29		
03/10	161.96	2.8	156.74		
06/10	158.18	-3.1	156.18		
09/10	160.63	0.6	155.63		
12/10	163.31	2.2	155.08		
03/11	166.28	2.7	154.53	167.15	
06/11	163.48	3.4	153.99	160.64	
09/11	153.99	-4.1	153.44	154.37	152.72
12/11	145.74	-10.8	152.90	148.35	147.52
03/12	142.42	-14.4	152.36	142.57	142.49
06/12	138.24	-15.4	151.82	137.01	137.64
<u>Regression</u>			<u>20 pt.</u>	<u>6 pt.</u>	<u>4 pt.</u>
Avg Annual Percent Change Based on Best Fit:			-1.4 %	-14.7 %	-13.0 %

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Exhibit 5.B.6

Average Written Premium Trends - Uninsured / Underinsured Motorist

Year Ending	Average Written Premium @ CRL	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	6 pt.	4 pt.
09/06	\$75.41	-8.25			
12/06	72.31	-11.69			
03/07	69.56	-12.84			
06/07	65.65	-15.65			
09/07	62.81	-16.71	58.93		
12/07	61.44	-15.03	59.13		
03/08	60.02	-13.71	59.32		
06/08	59.21	-9.81	59.51		
09/08	58.07	-7.55	59.70		
12/08	58.01	-5.58	59.90		
03/09	58.37	-2.75	60.09		
06/09	58.41	-1.35	60.29		
09/09	58.84	1.33	60.48		
12/09	59.39	2.38	60.68		
03/10	59.90	2.62	60.88		
06/10	60.67	3.87	61.07		
09/10	61.85	5.12	61.27		
12/10	62.53	5.29	61.47		
03/11	62.40	4.17	61.67	62.32	
06/11	62.54	3.08	61.87	62.50	
09/11	62.50	1.05	62.07	62.68	62.54
12/11	62.89	0.58	62.27	62.85	62.79
03/12	62.95	0.88	62.48	63.03	63.04
06/12	63.32	1.25	62.68	63.21	63.29
Regression			20 pt.	6 pt.	4 pt.
Avg Annual Percent Change Based on Best Fit:			1.3 %	1.1 %	1.6 %

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.1.a

Incurred Loss + ALAE Development Factors - Limited Bodily Injury

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								1,499,521	1,499,521	1,499,521
3/31/2001							2,313,377	2,313,377	2,313,377	2,313,377
3/31/2002						1,867,132	1,869,654	1,869,721	1,869,721	1,869,721
3/31/2003					1,044,364	1,019,364	1,019,439	1,019,439	1,019,439	1,019,439
3/31/2004				665,139	665,687	665,687	665,687	665,687	665,687	
3/31/2005			1,717,264	1,641,396	1,597,932	1,646,400	1,646,277	1,646,277		
3/31/2006		829,539	1,003,327	998,104	977,333	977,333	977,333			
3/31/2007	462,927	692,465	712,804	736,745	736,745	736,745				
3/31/2008	584,540	796,795	773,118	798,961	807,496					
3/31/2009	572,114	705,602	734,424	727,283						
3/31/2010	622,427	702,872	701,657							
3/31/2011	399,043	464,261								
3/31/2012	175,430									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	1.496	1.209	0.956	1.001	0.976	1.001	1.000	1.000	1.000	
3rd Prior	1.363	1.029	0.995	0.974	1.000	1.000	1.000	1.000	1.000	
2nd Prior	1.233	0.970	1.034	0.979	1.030	1.000	1.000	1.000	1.000	
1st Prior	1.129	1.041	1.033	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	1.163	0.998	0.990	1.011	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.226	1.008	1.012	0.987	1.012	1.000	1.000	1.000	1.000	
Countrywide selected:	1.292	1.149	1.075	1.033	1.016	1.005	1.002	1.001	1.001	
Loss Development Period (months):	15 - 123	27 - 123	39 - 123	51 - 123	63 - 123	75 - 123	87 - 123	99 - 123	111 - 123	
Loss Development Factor:	1.690	1.308	1.138	1.059	1.025	1.009	1.004	1.002	1.001	

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.1.b

Incurred Loss + ALAE Development Factors - Unlimited Bodily Injury

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								1,574,521	1,574,521	1,574,521
3/31/2001							2,313,377	2,313,377	2,313,377	2,313,377
3/31/2002						2,017,132	2,019,654	2,019,721	2,019,721	2,019,721
3/31/2003					1,044,364	1,019,364	1,019,439	1,019,439	1,019,439	1,019,439
3/31/2004				665,139	665,687	665,687	665,687	665,687	665,687	
3/31/2005			2,863,833	2,784,124	2,740,660	2,789,128	2,789,005	2,789,005		
3/31/2006		1,879,539	2,153,327	2,148,104	2,127,333	2,127,333	2,127,333			
3/31/2007	462,927	717,465	807,804	831,745	831,745	831,745				
3/31/2008	584,540	796,795	773,118	798,961	807,496					
3/31/2009	572,114	705,602	734,424	727,283						
3/31/2010	622,427	737,872	736,657							
3/31/2011	399,043	464,261								
3/31/2012	175,430									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	1.550	1.146	0.972	1.001	0.976	1.001	1.000	1.000	1.000	
3rd Prior	1.363	1.126	0.998	0.984	1.000	1.000	1.000	1.000	1.000	
2nd Prior	1.233	0.970	1.030	0.990	1.018	1.000	1.000	1.000	1.000	
1st Prior	1.185	1.041	1.033	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	1.163	0.998	0.990	1.011	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.242	1.032	1.008	0.992	1.008	1.000	1.000	1.000	1.000	
Countrywide Selected:	1.329	1.184	1.089	1.039	1.025	1.005	1.004	1.001	1.001	
Loss Development Period (months):	15 - 123	27 - 123	39 - 123	51 - 123	63 - 123	75 - 123	87 - 123	99 - 123	111 - 123	
Loss Development Factor:	1.845	1.388	1.173	1.077	1.036	1.011	1.006	1.002	1.001	

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.2

Incurred Loss + ALAE Development Factors - Property Damage

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								1,144,186	1,144,186	1,144,186
3/31/2001							1,353,911	1,353,911	1,353,911	1,353,911
3/31/2002						1,225,635	1,225,635	1,225,635	1,225,635	1,225,635
3/31/2003					989,896	989,896	989,896	989,896	989,896	989,896
3/31/2004				486,618	486,618	486,618	486,618	486,618	486,618	
3/31/2005			365,890	366,144	366,144	366,144		366,144		
3/31/2006		386,535	383,480	385,228	385,228	385,228	385,228			
3/31/2007	455,800	468,422	468,560	468,560	468,560	468,560				
3/31/2008	448,788	472,636	472,636	464,036	464,036					
3/31/2009	393,688	417,516	417,516	417,516						
3/31/2010	513,396	521,738	521,738							
3/31/2011	360,875	411,758								
3/31/2012	218,525									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	1.028	0.992	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
3rd Prior	1.053	1.000	1.005	1.000	1.000	1.000	1.000	1.000	1.000	
2nd Prior	1.061	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1st Prior	1.016	1.000	0.982	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	1.141	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.062	1.000	0.996	1.000	1.000	1.000	1.000	1.000	1.000	
Countrywide Selected:	1.067	1.007	1.002	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Period (months):	<u>15 - 123</u>	<u>27 - 123</u>	<u>39 - 123</u>	<u>51 - 123</u>	<u>63 - 123</u>					
Loss Development Factor:	1.077	1.009	1.002	1.000	1.000					

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.3

Incurred Loss + ALAE Development Factors - Medical Payments

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								15,831	15,831	15,831
3/31/2001							11,202	11,202	11,202	11,202
3/31/2002						2,774	2,774	2,774	2,774	2,774
3/31/2003					16,334	16,334	16,334	16,334	16,334	16,334
3/31/2004				5,615	5,615	5,615	5,615	5,615	5,615	
3/31/2005			5,299	5,299	5,299	5,299	5,299	5,299		
3/31/2006		5,418	5,418	5,418	5,418	5,418	5,418			
3/31/2007	2,561	7,596	2,596	2,596	2,596	2,596				
3/31/2008	0	3,814	3,814	8,813	5,366					
3/31/2009	59,327	64,042	64,042	65,250						
3/31/2010	5,000	10,555	10,555							
3/31/2011	5,000	15,000								
3/31/2012	1,065									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	2.966	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3rd Prior	1.000	0.342	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2nd Prior	1.079	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1st Prior	2.111	1.000	2.311	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	3.000	1.000	1.019	0.609	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.347	0.942	1.082	0.844	1.000	1.000	1.000	1.000	1.000	
Countrywide Selected:	1.012	1.001	1.000	0.997	1.000	1.000	1.000	1.000	1.000	
Loss Development Period (months):	<u>15 - 123</u>	<u>27 - 123</u>	<u>39 - 123</u>	<u>51 - 123</u>	<u>63 - 123</u>					
Loss Development Factor:	1.010	0.998	0.997	0.997	1.000					

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.4.a

Incurred Loss + ALAE Development Factors - Limited UM + UIM

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								361,197	361,197	361,197
3/31/2001							468,620	468,620	480,620	480,620
3/31/2002						313,407	313,407	313,407	313,407	313,407
3/31/2003					548,296	548,296	548,296	548,296	548,296	548,296
3/31/2004				499,014	501,754	494,524	523,924	523,924	523,924	
3/31/2005			131,702	131,702	156,505	156,505	156,505	156,505		
3/31/2006		26,754	26,754	26,754	26,754	26,754	26,754			
3/31/2007	81,749	104,688	104,688	79,688	79,688	79,688				
3/31/2008	195,307	290,353	266,944	290,432	267,164					
3/31/2009	325,717	350,736	325,870	316,883						
3/31/2010	156,122	200,212	200,212							
3/31/2011	64,639	81,111								
3/31/2012	60,920									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	1.281	1.000	1.000	1.005	1.000	1.000	1.000	1.000	1.000	
3rd Prior	1.487	1.000	1.000	1.188	0.986	1.000	1.000	1.026	1.000	
2nd Prior	1.077	0.919	0.761	1.000	1.000	1.059	1.000	1.000	1.000	
1st Prior	1.282	0.929	1.088	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	1.255	1.000	0.972	0.920	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.244	0.949	0.986	1.003	0.991	1.024	1.000	1.006	1.000	
Countrywide Selected:	1.302	1.138	1.075	1.037	1.020	1.013	1.008	1.004	1.001	
Loss Development Period (months):	15 - 123	27 - 123	39 - 123	51 - 123	63 - 123	75 - 123	87 - 123	99 - 123	111 - 123	
Loss Development Factor:	1.729	1.328	1.167	1.085	1.047	1.026	1.013	1.005	1.001	

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.4.b

Incurred Loss + ALAE Development Factors - Unlimited UM + UIM

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								361,197	361,197	361,197
3/31/2001							468,620	468,620	480,620	480,620
3/31/2002						313,407	313,407	313,407	313,407	313,407
3/31/2003					598,296	598,296	598,296	598,296	598,296	598,296
3/31/2004				499,014	501,754	494,524	523,924	523,924	523,924	
3/31/2005			131,702	131,702	156,505	156,505	156,505	156,505		
3/31/2006		26,754	26,754	26,754	26,754	26,754	26,754			
3/31/2007	81,749	104,688	104,688	79,688	79,688	79,688				
3/31/2008	195,307	290,353	266,944	290,432	267,164					
3/31/2009	325,717	350,736	325,870	316,883						
3/31/2010	306,122	350,212	350,212							
3/31/2011	64,639	81,111								
3/31/2012	60,920									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	1.281	1.000	1.000	1.005	1.000	1.000	1.000	1.000	1.000	
3rd Prior	1.487	1.000	1.000	1.188	0.986	1.000	1.000	1.026	1.000	
2nd Prior	1.077	0.919	0.761	1.000	1.000	1.059	1.000	1.000	1.000	
1st Prior	1.144	0.929	1.088	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	1.255	1.000	0.972	0.920	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.203	0.956	0.986	1.003	0.991	1.023	1.000	1.006	1.000	
Countrywide Selected:	1.332	1.144	1.096	1.051	1.019	1.018	1.009	1.006	1.001	
Loss Development Period (months):	15 - 123	27 - 123	39 - 123	51 - 123	63 - 123	75 - 123	87 - 123	99 - 123	111 - 123	
Loss Development Factor:	1.850	1.389	1.214	1.108	1.054	1.034	1.016	1.007	1.001	

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.5

Paid Loss + ALAE Development Factors - Collision

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								1,456,923	1,456,923	1,456,923
3/31/2001							2,342,286	2,342,286	2,342,286	2,342,286
3/31/2002						1,540,405	1,540,405	1,540,405	1,540,405	1,540,405
3/31/2003					1,098,597	1,098,597	1,098,597	1,098,597	1,098,597	1,098,597
3/31/2004				708,525	708,525	708,525	708,525	708,525	708,525	
3/31/2005			556,400	556,212	556,212	556,212	556,224	556,224		
3/31/2006		561,968	561,972	561,972	561,972	561,972	561,972			
3/31/2007	655,257	643,923	644,113	643,938	643,728	643,536				
3/31/2008	573,449	550,635	550,635	550,365	550,125					
3/31/2009	592,373	592,575	593,518	593,853						
3/31/2010	706,453	695,113	694,805							
3/31/2011	422,743	408,249								
3/31/2012	253,706									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	0.983	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3rd Prior	0.960	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2nd Prior	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1st Prior	0.984	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Latest	0.966	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	0.979	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Countrywide Selected:	0.978	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Period (months):	<u>15 - 123</u>	<u>27 - 123</u>	<u>39 - 123</u>	<u>51 - 123</u>	<u>63 - 123</u>					
Loss Development Factor:	0.977	0.999	1.000	1.000	1.000					

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 6.6

Paid Loss + ALAE Development Factors - Comprehensive

Fiscal Accident										
<u>Year Ending</u>	<u>15 Months</u>	<u>27 Months</u>	<u>39 Months</u>	<u>51 Months</u>	<u>63 Months</u>	<u>75 Months</u>	<u>87 Months</u>	<u>99 Months</u>	<u>111 Months</u>	<u>123 Months</u>
3/31/2000								771,522	771,522	771,522
3/31/2001							1,055,986	1,056,044	1,056,044	1,056,044
3/31/2002						959,662	959,662	959,662	959,662	959,662
3/31/2003					652,021	652,021	652,021	652,021	652,021	652,021
3/31/2004				492,929	492,929	492,929	492,894	492,894	492,894	
3/31/2005			216,445	216,499	216,499	216,499	216,499	216,499		
3/31/2006		202,458	202,721	202,756	202,756	202,756	202,756			
3/31/2007	269,010	271,096	271,096	271,096	271,326	271,326				
3/31/2008	285,061	295,269	295,269	295,269	295,269					
3/31/2009	326,761	330,891	330,338	330,338						
3/31/2010	308,443	310,149	310,149							
3/31/2011	139,719	139,241								
3/31/2012	165,217									
				Link Ratios						
<u>Development</u>	<u>15 to 27</u>	<u>27 to 39</u>	<u>39 to 51</u>	<u>51 to 63</u>	<u>63 to 75</u>	<u>75 to 87</u>	<u>87 to 99</u>	<u>99 to 111</u>	<u>111 to 123</u>	
4th Prior	1.008	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
3rd Prior	1.036	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
2nd Prior	1.013	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
1st Prior	1.006	0.998	1.000	1.001	1.000	1.000	1.000	1.000	1.000	
Latest	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Volume Weighted 4 Yr Mean	1.015	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Selected:	1.008	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
Loss Development Period (months):	<u>15 - 123</u>	<u>27 - 123</u>	<u>39 - 123</u>	<u>51 - 123</u>	<u>63 - 123</u>					
Loss Development Factor:	1.008	1.000	1.000	1.000	1.000					

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 7

Excess Loss Provision

BODILY INJURY

Fiscal Accident Year Ending	Ultimate Total Ex-Cat Losses + ALAE	Ultimate Limited Ex-Cat Losses + ALAE	Total/Limited
3/31/2003	1,019,439	1,019,439	1.00
3/31/2004	666,353	666,353	1.00
3/31/2005	2,794,582	1,649,569	1.69
3/31/2006	2,140,097	981,242	2.18
3/31/2007	840,895	743,377	1.13
3/31/2008	836,567	827,684	1.01
3/31/2009	783,284	770,193	1.02
3/31/2010	864,100	798,487	1.08
3/31/2011	644,396	607,255	1.06
3/31/2012	323,667	296,475	1.09
Weighted Average			1.31
Straight Average			1.23
Selected			1.23

UNINSURED / UNDERINSURED MOTORIST

Fiscal Accident Year Ending	Ultimate Total Ex-Cat Losses + ALAE	Ultimate Limited Ex-Cat Losses + ALAE	Total/Limited
3/31/2003	598,296	548,296	1.09
3/31/2004	524,448	524,448	1.00
3/31/2005	157,602	157,289	1.00
3/31/2006	27,182	27,102	1.00
3/31/2007	82,396	81,759	1.01
3/31/2008	281,591	279,721	1.01
3/31/2009	351,106	343,818	1.02
3/31/2010	425,157	233,647	1.82
3/31/2011	112,663	107,715	1.05
3/31/2012	112,700	105,329	1.07
Weighted Average			1.11
Straight Average			1.11
Selected			1.11

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 8.A

Calculation of Pure Premium Trend Factor

<u>Coverage</u>	<u>Selected Annual Pure Premium Impacts</u>	
	<u>Historical</u>	<u>Projected</u>
Bodily Injury	0.00%	0.00%
Property Damage	0.00%	0.00%
Medical Payments	0.00%	0.00%
Uninsured / Underinsured Motorist	0.00%	0.00%
Collision	0.00%	0.00%
Comprehensive	0.00%	0.00%

	<u>Calculation of Trend Period</u>				
	<u>4th Prior Year</u>	<u>3rd Prior Year</u>	<u>2nd Prior Year</u>	<u>1st Prior Year</u>	<u>Current Year</u>
1) Loss Trend Projection Date	6/14/2014	6/14/2014	6/14/2014	6/14/2014	6/14/2014
2) Mid-Point of Current Year's Experience Period	9/30/2011	9/30/2011	9/30/2011	9/30/2011	9/30/2011
3) Experience Period Ended	3/31/2008	3/31/2009	3/31/2010	3/31/2011	3/31/2012
4) Midpoint of Experience Period	9/30/2007	9/30/2008	9/30/2009	9/30/2010	9/30/2011
5) Historical: Number of Years from (4) to (2)	4.000	3.000	2.000	1.000	0.000
6) Projected: Number of Years from (2) to (1)	2.704	2.704	2.704	2.704	2.704

<u>Coverage</u>	<u>Factor to Adjust Losses for Pure Premium Trend</u>				
	<u>4th Prior Year</u>	<u>3rd Prior Year</u>	<u>2nd Prior Year</u>	<u>1st Prior Year</u>	<u>Current Year</u>
Bodily Injury	1.000	1.000	1.000	1.000	1.000
Property Damage	1.000	1.000	1.000	1.000	1.000
Medical Payments	1.000	1.000	1.000	1.000	1.000
Uninsured / Underinsured Motorist	1.000	1.000	1.000	1.000	1.000
Collision	1.000	1.000	1.000	1.000	1.000
Comprehensive	1.000	1.000	1.000	1.000	1.000

(a) Historical Pure Premium Factors are the Annual Historical Impacts plus unity compounded for the number of years in (5)

(b) Projected Pure Premium Factors are the Annual Projected Impacts plus unity compounded for the number of years in (6)

(c) Factor to Adjust Losses for Pure Premium Trend = (a) x (b)

Encompass Insurance Group
Private Passenger Auto
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Exhibit 8.B.1

Pure Premium Loss Trends - Bodily Injury

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$247.11	37.9			
12/06	232.99	36.8			
03/07	214.68	46.2			
06/07	89.57	-68.3			
09/07	139.45	-43.6	136.11		
12/07	137.16	-41.1	135.25		
03/08	146.64	-31.7	134.39		
06/08	142.41	59.0	133.54		
09/08	80.39	-42.4	132.69		
12/08	104.36	-23.9	131.84		
03/09	108.74	-25.9	131.01		
06/09	113.10	-20.6	130.17		
09/09	155.38	93.3	129.35	181.21	
12/09	160.20	53.5	128.52	171.60	
03/10	152.51	40.3	127.71	162.51	
06/10	157.95	39.7	126.90	153.89	
09/10	163.77	5.4	126.09	145.73	
12/10	145.25	-9.3	125.29	138.01	
03/11	159.33	4.5	124.49	130.69	161.84
06/11	153.60	-2.8	123.70	123.77	141.57
09/11	107.09	-34.6	122.91	117.20	123.84
12/11	109.95	-24.3	122.13	110.99	108.33
03/12	110.96	-30.4	121.36	105.11	94.76
06/12	75.50	-50.9	120.59	99.54	82.89

Regression	20 pt.	12 pt.	6 pt.
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Avg Annual Percent Change Based on Best Fit:	-2.5 %	-19.6 %	-41.4 %
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Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 8.B.2

Pure Premium Loss Trends - Property Damage

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$75.05	9.7			
12/06	80.99	16.9			
03/07	83.00	15.6			
06/07	77.76	15.5			
09/07	73.99	-1.4	69.52		
12/07	65.91	-18.6	70.44		
03/08	66.25	-20.2	71.38		
06/08	70.71	-9.1	72.34		
09/08	71.94	-2.8	73.30		
12/08	67.30	2.1	74.28		
03/09	66.05	-0.3	75.27		
06/09	70.35	-0.5	76.27		
09/09	81.42	13.2	77.29	92.04	
12/09	91.53	36.0	78.32	90.95	
03/10	96.04	45.4	79.37	89.86	
06/10	91.78	30.5	80.43	88.79	
09/10	96.38	18.4	81.50	87.74	
12/10	89.03	-2.7	82.59	86.69	
03/11	88.29	-8.1	83.69	85.66	82.58
06/11	79.91	-12.9	84.81	84.64	82.23
09/11	73.33	-23.9	85.94	83.63	81.88
12/11	85.26	-4.2	87.09	82.64	81.53
03/12	82.98	-6.0	88.25	81.65	81.19
06/12	81.29	1.7	89.43	80.68	80.84

Regression	20 pt.	12 pt.	6 pt.
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Avg Annual Percent Change Based on Best Fit:	5.4 %	-4.7 %	-1.7 %
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Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 8.B.3

Pure Premium Loss Trends - Collision

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$131.30	3.1			
12/06	141.00	17.3			
03/07	141.65	4.4			
06/07	143.60	8.0			
09/07	132.65	1.0	143.32		
12/07	118.76	-15.8	142.50		
03/08	126.14	-11.0	141.68		
06/08	119.97	-16.5	140.87		
09/08	131.08	-1.2	140.06		
12/08	136.80	15.2	139.26		
03/09	132.68	5.2	138.47		
06/09	131.65	9.7	137.67		
09/09	155.71	18.8	136.89	195.52	
12/09	166.21	21.5	136.10	184.17	
03/10	178.35	34.4	135.32	173.47	
06/10	182.57	38.7	134.55	163.40	
09/10	181.65	16.7	133.78	153.91	
12/10	162.33	-2.3	133.02	144.97	
03/11	148.48	-16.8	132.25	136.55	150.28
06/11	142.63	-21.9	131.50	128.62	135.44
09/11	114.72	-36.9	130.75	121.15	122.06
12/11	114.94	-29.2	130.00	114.11	110.01
03/12	94.44	-36.4	129.25	107.48	99.14
06/12	91.80	-35.6	128.51	101.24	89.35

Regression	20 pt.	12 pt.	6 pt.
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Avg Annual Percent Change Based on Best Fit:	-2.3 %	-21.3 %	-34.0 %
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Arkansas

Exhibit 8.B.4

Pure Premium Loss Trends - Comprehensive

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$50.41	22.2			
12/06	45.60	-7.9			
03/07	58.24	31.9			
06/07	61.02	43.1			
09/07	62.79	24.6	69.64		
12/07	66.99	46.9	69.18		
03/08	56.03	-3.8	68.72		
06/08	67.36	10.4	68.26		
09/08	62.01	-1.2	67.81		
12/08	70.04	4.6	67.35		
03/09	80.90	44.4	66.91		
06/09	66.65	-1.1	66.46		
09/09	84.90	36.9	66.02	76.46	
12/09	81.33	16.1	65.58	74.19	
03/10	81.09	0.2	65.14	71.98	
06/10	80.86	21.3	64.71	69.84	
09/10	60.65	-28.6	64.27	67.76	
12/10	52.94	-34.9	63.85	65.75	
03/11	45.65	-43.7	63.42	63.79	47.52
06/11	52.76	-34.8	63.00	61.89	51.41
09/11	53.23	-12.2	62.58	60.05	55.61
12/11	63.97	20.8	62.16	58.27	60.15
03/12	72.31	58.4	61.75	56.53	65.07
06/12	63.12	19.6	61.34	54.85	70.39

<u>Regression</u>	<u>20 pt.</u>	<u>12 pt.</u>	<u>6 pt.</u>
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Avg Annual Percent Change Based on Best Fit:	-2.6 %	-11.4 %	36.9 %
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National Association of Independent Insurers
Private Passenger Auto
Arkansas

Exhibit 8.C.1

Pure Premium Loss Trends - Bodily Injury

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$73.68	25.2			
12/06	72.20	71.3			
03/07	132.29	-10.9			
06/07	101.34	6.2	108.81		
09/07	101.25	37.4	110.61		
12/07	104.84	45.2	112.44		
03/08	127.17	-3.9	114.31		
06/08	114.65	13.1	116.20		
09/08	109.66	8.3	118.12		
12/08	113.18	8.0	120.08		
03/09	128.91	1.4	122.07		
06/09	138.64	20.9	124.09	139.62	
09/09	143.00	30.4	126.15	139.38	
12/09	138.35	22.2	128.23	139.13	
03/10	150.72	16.9	130.36	138.89	
06/10	139.09	0.3	132.52	138.65	
09/10	130.26	-8.9	134.71	138.40	
12/10	129.98	-6.1	136.94	138.16	130.65
03/11	131.50	-12.8	139.21	137.92	133.04
06/11	137.65	-1.0	141.52	137.68	135.47
09/11	138.90	6.6	143.86	137.44	137.95
12/11	141.99	9.2	146.24	137.20	140.47
03/12	140.66	7.0	148.67	136.96	143.04
<u>Regression</u>			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			6.8 %	-0.7 %	7.5 %

National Association of Independent Insurers
Private Passenger Auto
Arkansas

Exhibit 8.C.2

Pure Premium Loss Trends - Property Damage

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$87.11	1.1			
12/06	87.61	9.5			
03/07	89.64	1.2			
06/07	88.17	0.9	95.14		
09/07	87.11	0.0	95.36		
12/07	90.38	3.2	95.59		
03/08	95.16	6.2	95.82		
06/08	95.92	8.8	96.05		
09/08	99.91	14.7	96.28		
12/08	101.07	11.8	96.51		
03/09	102.88	8.1	96.74		
06/09	104.91	9.4	96.97	104.78	
09/09	104.45	4.5	97.20	103.70	
12/09	104.78	3.7	97.44	102.63	
03/10	101.48	-1.4	97.67	101.57	
06/10	98.53	-6.1	97.90	100.52	
09/10	97.90	-6.3	98.14	99.48	
12/10	96.79	-7.6	98.37	98.45	97.89
03/11	98.34	-3.1	98.61	97.43	97.15
06/11	97.39	-1.2	98.84	96.43	96.41
09/11	94.70	-3.3	99.08	95.43	95.68
12/11	94.81	-2.1	99.32	94.44	94.96
03/12	94.33	-4.1	99.55	93.47	94.24
<u>Regression</u>			<u>20 pt.</u>	<u>12 pt.</u>	<u>6 pt.</u>
Avg Annual Percent Change Based on Best Fit:			1.0 %	-4.1 %	-3.0 %

National Association of Independent Insurers
Private Passenger Auto
Arkansas

Exhibit 8.C.3

Pure Premium Loss Trends - Collision

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$67.65	87.4			
12/06	73.75	107.8			
03/07	111.89	183.2			
06/07	87.07	72.0	111.01		
09/07	103.39	38.2	111.40		
12/07	110.70	69.2	111.80		
03/08	124.87	-21.9	112.19		
06/08	124.32	21.3	112.59		
09/08	112.90	27.9	112.99		
12/08	109.63	15.5	113.39		
03/09	121.26	18.3	113.79		
06/09	120.21	10.6	114.19	124.78	
09/09	125.14	10.6	114.59	123.39	
12/09	129.04	21.3	115.00	122.02	
03/10	142.57	-11.5	115.40	120.66	
06/10	123.29	-5.3	115.81	119.31	
09/10	114.70	-3.6	116.22	117.98	
12/10	103.17	-11.5	116.63	116.67	96.10
03/11	109.28	0.1	117.04	115.37	101.31
06/11	97.21	-2.5	117.46	114.08	106.80
09/11	98.06	-4.5	117.87	112.81	112.58
12/11	107.45	-1.4	118.29	111.56	118.68
03/12	150.50	7.4	118.71	110.31	125.10
<u>Regression</u>			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			1.4 %	-4.4 %	23.5 %

National Association of Independent Insurers
Private Passenger Auto
Arkansas

Exhibit 8.C.4

Pure Premium Loss Trends - Comprehensive

Year Ending	Actual Paid Pure Premium	Annual % Change	Exponential Curve of Best Fit (\$)		
			20 pt.	12 pt.	6 pt.
09/06	\$22.64	-3.5			
12/06	19.51	-8.0			
03/07	54.45	0.2			
06/07	33.95	0.6	37.20		
09/07	31.29	-0.1	37.62		
12/07	33.01	6.4	38.04		
03/08	42.52	9.6	38.47		
06/08	41.17	9.6	38.90		
09/08	40.02	8.6	39.34		
12/08	38.11	8.1	39.79		
03/09	50.29	4.1	40.23		
06/09	45.55	4.0	40.69	44.70	
09/09	44.26	1.2	41.14	44.48	
12/09	46.21	-4.9	41.61	44.26	
03/10	44.49	-12.1	42.08	44.04	
06/10	43.14	-13.0	42.55	43.82	
09/10	42.68	-10.5	43.03	43.61	
12/10	40.89	-7.7	43.52	43.40	41.29
03/11	44.52	0.0	44.01	43.18	41.83
06/11	42.05	-1.0	44.50	42.97	42.37
09/11	40.77	0.6	45.00	42.76	42.93
12/11	40.33	1.2	45.51	42.55	43.49
03/12	47.82	-3.2	46.02	42.34	44.06
<u>Regression</u>			20 pt.	12 pt.	6 pt.
Avg Annual Percent Change Based on Best Fit:			4.6 %	-2.0 %	5.3 %

Encompass Insurance Group
Private Passenger Auto
Arkansas

Exhibit 9

Catastrophe Insurance Losses - Comprehensive

<u>Accident Year</u>	<u>Arkansas</u>		<u>Incurred Losses Excluding Catastrophes</u>
	<u>Total Incurred Losses</u>	<u>Catastrophe Losses</u>	
1988	166,983	0	166,983
1989	474,358	185,136	289,222
1990	216,650	12,351	204,299
1991	270,041	37,037	233,004
1992	162,071	12,092	149,979
1993	173,924	4,957	168,967
1994	193,051	7,413	185,638
1995	210,902	22,327	188,575
1996	328,063	78,351	249,712
1997	211,270	42,497	168,773
1998	308,361	5,250	303,111
1999	914,285	204,275	710,010
2000	1,085,777	62,910	1,022,867
2001	1,054,563	38,331	1,016,232
2002	767,092	36,711	730,381
2003	567,999	18,734	549,265
2004	211,839	2,485	209,354
2005	222,793	0	222,793
2006	379,493	124,255	255,238
2007	296,155	12,230	283,925
2008	576,745	262,262	314,483
2009	408,755	73,755	335,000
2010	159,606	5,992	153,614
2011	432,832	261,604	171,228
		<u>\$1,510,955</u>	<u>\$8,282,653</u>

Selected Catastrophe Provision:

18.3%

Encompass Insurance Group
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Arkansas

Exhibit 10.1

Summary of Expense Provisions

	Liability Expense Provision				Uninsured / Underinsured Motorist
	Percent Fixed	Bodily Injury	Property Damage	Medical Payments	
Commissions	0 %	14.3 %	14.3 %	14.3 %	14.3 %
Taxes †	0	3.1	3.1	3.1	3.1
Licenses and Fees	100	0.2	0.2	0.2	0.2
Other Acquisition	100	1.1	1.1	1.1	1.1
General Expense	100	8.4	8.4	8.4	8.4
Profit Provision	0	5.8	5.8	5.8	5.8
Debt Provision	0	1.4	1.4	1.4	1.4

	Physical Damage Expense Provision		
	Percent Fixed	Collision	Comprehensive
Commissions	0 %	14.3 %	14.3 %
Taxes †	0	3.1	3.1
Licenses and Fees	100	0.2	0.2
Other Acquisition	100	1.1	1.1
General Expense	100	8.4	8.4
Profit Provision	0	10.0	10.0
Debt Provision	0	1.4	1.4

† State Taxes - Does not include Federal Income Tax

Encompass Insurance Group
Private Passenger Auto
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Exhibit 10.2

Factor to Adjust for Subsequent Change in Fixed Expense*

1) Average Earned Date of Experience Period	6/30/2010
2) Average Earned Date of Proposed Policy Period	6/14/2014
3) Number of Years from (1) to (2)	4.0
4) Selected Annual Impact	2.30 %
5) Factor to Adjust for Subsequent Change in Fixed Expense = [1 + (4)] ^ (3)	1.094

*For calendar years 2009-2011

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Exhibit 11.1

Investment Income - Liability Coverages

Calculation of Present Value, as of the Average Earning Date of a Policy Year, of all Income
and Outgo @ 2.6% †force of interest, assuming an Operating Profit of 7.00% and twelve
month Policy Terms

<u>Years From Start of Policy Year</u>	<u>Cumulative Percent of Losses Paid</u>	<u>Yearly Percent of Losses Paid</u>	<u>Time from Start of Policy Year</u>	<u>Discounted‡ to Average Time of Profit @ 2.6%</u>	<u>Discour Payme</u>
1	13.7 %	13.7 %	0.69	1.008	13.8
2	49.5	35.8	1.39	0.990	35.4
3	68.4	18.9	2.46	0.963	18.2
4	81.0	12.6	3.47	0.938	11.8
5	90.4	9.4	4.46	0.914	8.6
6	95.6	5.2	5.45	0.891	4.6
Subsequent	100.0	4.4	7.44	0.846	3.7
Total					96.1
Expected Losses and Loss Expense Ratio					65.8
Present Value of Loss and Loss Expense Payments					63.2
General Expense		8.4 %	0.75	1.007	8.5
Other Acquisition		1.1 %	0.63	1.010	1.1
Taxes		3.1 %	0.63	1.010	3.1
Licenses and Fees		0.2 %	0.63	1.010	0.2
Commissions		14.3 %	0.58	1.011	14.5
Debt Provision		1.4 %	1.00	1.000	1.4
Profit		5.8 %	1.00	1.000	5.8
Total Present Value of Outgo					97.8
Premiums		100.0 %	0.60	1.010	101.0
Difference, Present Value of Income Less Present Value of Outgo					3.2

†Discount rate from Investment Department forecast

‡exp (force of interest x (timing of profit being earned – timing of cash flow))

Encompass Insurance Group
Private Passenger Automobile
Arkansas

Exhibit 11.2

Investment Income - Physical Damage Coverages

Calculation of Present Value, as of the Average Earning Date of a Policy Year, of all Income
and Outgo @ 2.6% †force of interest, assuming an Operating Profit of 7.00% and twelve
month Policy Terms

<u>Years From Start of Policy Year</u>	<u>Cumulative Percent of Losses Paid</u>	<u>Yearly Percent of Losses Paid</u>	<u>Time from Start of Policy Year</u>	<u>Discounted‡ to Average Time of Profit @ 2.6%</u>	<u>Discour Payme</u>
1	49.9 %	49.9 %	0.63	1.010	50.4
2	100.2	50.3	1.15	0.996	50.1
Subsequent	100.0	-0.2	0.00	1.026	-0.2
Total					100.3
Expected Losses and Loss Expense Ratio					61.5
Present Value of Loss and Loss Expense Payments					61.7
General Expense		8.4 %	0.75	1.007	8.5
Other Acquisition		1.1 %	0.63	1.010	1.1
Taxes		3.1 %	0.63	1.010	3.1
Licenses and Fees		0.2 %	0.63	1.010	0.2
Commissions		14.3 %	0.58	1.011	14.5
Debt Provision		1.4 %	1.00	1.000	1.4
Profit		10.0 %	1.00	1.000	10.0
Total Present Value of Outgo					100.5
Premiums		100.0 %	0.60	1.010	101.0
Difference, Present Value of Income Less Present Value of Outgo					0.5

†Discount rate from Investment Department forecast

‡exp (force of interest x (timing of profit being earned – timing of cash flow))

2011 Cost of Equity Update Summary

Allstate's traditional approach to determining the necessary underwriting profit provision begins with two different analyses – the Fama-French Three-factor method (FF3F) and the Discounted Cash Flow method (DCF) – that are performed in order to estimate Allstate's cost of equity capital. The details and reasoning behind this approach can be found in Allstate's paper titled "Development of the Underwriting Profit Provision." Allstate always seeks to utilize sound actuarial and financial theory in its profit provision calculations and has put forth a considerable effort in order to establish an approach that utilizes appropriate methodologies and produces reasonable and meaningful results. However, even the best methodologies require an oversight of actuarial judgment in order to ensure proper application and to know when circumstances require an adjustment. Allstate believes that, due to certain current circumstances, actuarial judgment calls for caution to be used in the interpretation and application of its FF3F and DCF results. Each will be discussed in detail below.

Fama-French

The FF3F approach is similar to the Capital Asset Pricing Model (CAPM) in that it estimates the cost of equity for a given firm by starting with a risk-free rate and adding a risk premium (or risk premiums) to it, relative to the risk of that firm. As such, the result is greatly dependent on the risk-free rate. Allstate's historical risk-premium data is reported relative to the 28-day government bond rate, so in order to be consistent, we have utilized the 28-day government bond rate as the risk-free rate in the FF3F calculations.

Unfortunately, since the financial havoc in the market that began in 2008, the Federal Reserve has been actively and artificially suppressing the short-term interest rates. The table below shows the FF3F calculations for Allstate for the past eleven years. Note that Allstate's risk premium, particularly recently, has not varied greatly over time, whereas the risk-free rate has.

			FF3F
Year	Risk Premium	Risk-free Rate	Cost of Equity
2000	8.7%	5.7%	14.4%
2001	10.1%	5.5%	15.6%
2002	6.9%	5.4%	12.3%
2003	6.7%	3.7%	10.4%
2004	12.7%	1.1%	13.8%
2005	12.2%	2.7%	14.9%
2006	7.8%	4.8%	12.6%
2007	6.5%	5.3%	11.8%
2008	6.7%	1.9%	8.6%
2009	6.9%	0.1%	7.1%
2010	6.8%	0.1%	6.9%

Over the last five years, Allstate's risk premium has remained consistent while the risk-free rate has plummeted, resulting in a large decrease in Allstate's (and other companies') calculated cost of equity. However, there are several reasons why we believe that this is not an accurate reflection of a true risk-free rate, and therefore not an accurate reflection of Allstate's cost of equity. The Federal Reserve has artificially lowered the short-term rate to almost zero in an attempt to encourage borrowing and jump-start the economy. Evidence for this artificial rate suppression can be seen by comparing the difference between the current long-term bond yields and the 28-day bond yield. Historically, the average difference between the long-term bond yield and the 28-day bond yield has been 1.6 percentage points.¹ The current difference is over four percentage points.² In fact, prior to 2009, there have been only two years since 1926 where the difference between the long- and short-term bond yields has been as big as it is right now, and one of those years is 2003, when the Federal Reserve was employing a similar strategy in order to encourage borrowing in the housing market.³ Long-term bond yields are much less impacted by Federal Reserve action because they represent the average short-term bond yield over a longer period of time. While long-term bond yields may contain a small risk premium for liquidity risk, significant difference between the long-term and short-term bond yields suggests that interest rates are expected to rise, and as noted above, the current difference is as big as it's ever been.

As mentioned above, Allstate's risk premium data has typically been calculated relative to the 28-day government bond yield. However, this data can be restated to be relative to a long-term bond yield. In fact, many analysts, including Ibbotson in its Cost of Capital Yearbook, prefer to use long-term bond yields in CAPM or FF3F calculations as the results tend to be smoother and freer from Federal Reserve machinations. Using data through 2010, Allstate's risk premium relative to the 28-day bond yield was 6.8%. When the historical risk premium data is restated to be relative to a long-term government bond yield, Allstate's risk premium drops to 5.4%. Combining this risk premium with a long-term-bond-based risk-free rate, which has been recently hovering around 4%,⁴ results in a cost of equity between 9% and 10%, which is in line with Allstate's historical cost of equity of 10%.

In addition to the interest rate issues, it is worth noting that the value beta within the FF3F methodology has also been on the rise lately:

¹ Source: Ibbotson 2011 SBBI Valuation Yearbook.

² As of year-end 2010: Long-term (4.14%) – Short-term (0.08%) = 4.06%.

³ As of year-end 2010, the difference was 4.06%. In 2003 the difference was 4.09%, and in 1994 the difference was 4.08%. Essentially, the current difference is about as high as it has ever been. For comparison, note that prior to 2009, the difference has only been greater than 3 percentage points nine times since 1926.

⁴ <http://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yieldYear&year=2011>

Value Risk Component:				
(8)	(9)	(10)	(11)	(12)=(9)+(10)*(11)
Period	Prop/Cas Value Beta	Book-to-Mkt Coefficient	Log Book- to-Market	Value Risk Beta
2006	0.201	0.213	-0.6220	0.069
2007	0.209	0.335	-0.3105	0.105
2008	0.215	0.221	-0.3286	0.142
2009	0.738	0.308	0.0351	0.749
2010	0.975	0.236	0.1029	0.999
			3-yr Avg	0.630
			5-yr Avg	0.413
			Selected	0.630

This suggests that the difference in returns required by “value” stocks compared to “growth” stocks is larger in the current market than it was prior to the recent market crash. The impact of this is muted by Allstate’s use of a three-year average to determine betas in the FF3F calculations. But when considering the future expectation of the FF3F result, it seems likely that Allstate’s risk premium would only increase as this change is further reflected in the data.

In summary, Allstate believes that the 28-day government bond yield is artificially low, and the restatement of Allstate’s data to be relative to the long-term bond yield produces a cost of capital comparable to Allstate’s historical value of 10%. In addition, Allstate’s value beta appears to be on the rise and could be expected to increase in the near future. All of this suggests that a cost of equity of 10% is still appropriate for Allstate.

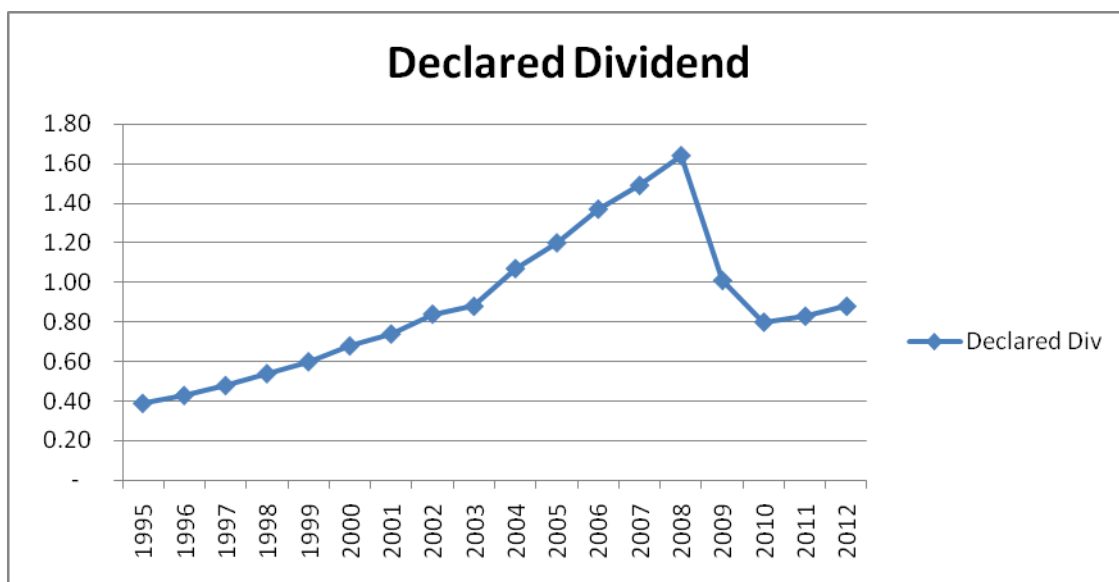
Discounted Cash Flow

In order to perform the DCF calculations, Allstate relies on data from the ValueLine Investment Survey. The most difficult DCF input to estimate is the growth rate of dividends (g), and several elements of the ValueLine data are typically used in Allstate’s estimation of this value: dividend per share growth (10-year average, 5-year average, and analyst forecast) and earnings per share growth (10-year average, 5-year average, and analyst forecast). Unfortunately, due to both recent events (Allstate’s dividend cut) and the nature of the ValueLine calculations, Allstate believes that both the historical averages and the analyst forecast numbers are misleading and require adjustment in order to be relevant.

To derive the projected growth rate for its dividend forecast, ValueLine compares a three-year average of historical dividends paid to a projected amount anywhere from four to six years into the future (depending on the timing of the report). This approach is taken so as to provide an element of stability in the results over time. However, in certain instances, such as Allstate’s case, it can be misleading. In early 2009, Allstate announced that its dividend would be cut from \$1.64 to \$0.80. From the current value of \$0.83, ValueLine expects the dividend to grow to \$1.10 by the year 2015. However, in their formula, the three-year average of “current” dividends was from 2008 to 2010, which were \$1.64, \$1.01, and \$0.80 respectively. The average of these values is \$1.15. Therefore,

ValueLine's "projected" amount of dividend growth was calculated as $(\$1.10/\$1.15)^{(1/6)} - 1$, which is equal to -1%.⁵ This calculation, however, is not appropriate because it is clear that ValueLine expects Allstate's dividend to grow from \$0.83 in 2011 to \$1.10 in 2015, which is actually 7.5% $(= (\$1.10/\$0.83)^{(1/4)} - 1)$ growth.⁶ It is particularly important to recognize the growth from the current \$0.83 level because it is the \$0.83 dividend that is used to calculate the dividend yield in other portions of the DCF analysis. If the growth is gauged based on the \$1.15 dividend, then the dividend yield should also be, which would significantly increase that value.

In addition, Allstate's dividend cut has caused significant impact to the historical dividend growth rates. Allstate's dividend growth was steady and constant prior to the dividend cut (and continues to be after the cut), but the one-time cut dramatically affects the historical calculations:



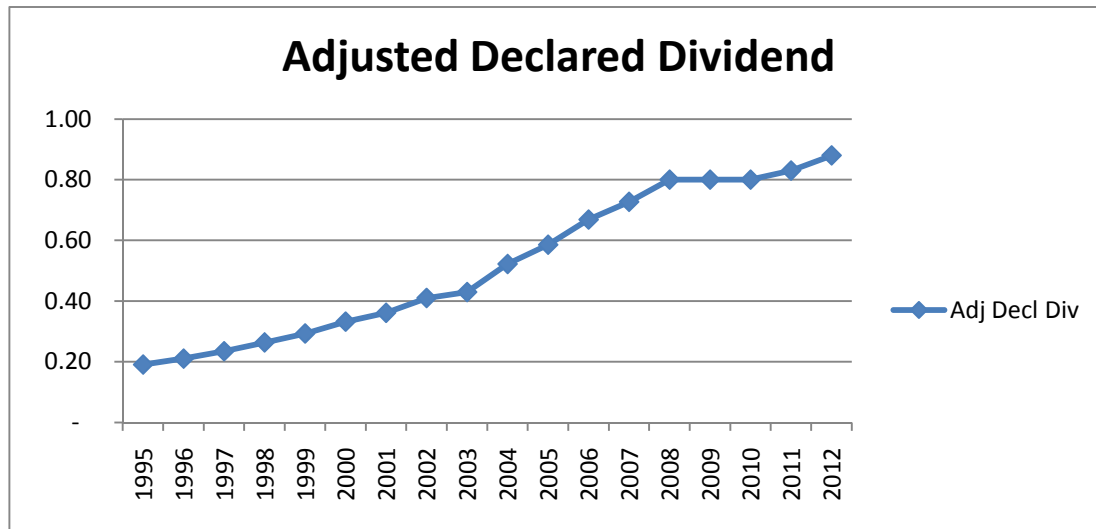
Recall that the DCF methodology states that the value of a share of a company's stock is equal to the present value of all future dividends. To make the estimates mathematically feasible, assumptions are made regarding the existence of a constant growth rate for dividends. With this assumption being made, the DCF formula can be rearranged in order to solve for the company cost of equity, given that the current stock price and dividend rate are known and the dividend growth rate (g) can be estimated. The point, however, is that there is a connection between the current stock price and the *future* dividend stream; this is entirely a forward-looking calculation. According to DCF theory, the current stock price already reflects the fact that Allstate has cut its dividend (and Allstate's stock price is down since the cut). What's important is where the dividend is expected to go from here.

⁵ Note: the calculation is to the $(1/6)$ power because the average years in comparison are 2009 and 2015, which is a six-year span.

⁶ ValueLine rounds its results to the nearest half-percent. Also note: the Earnings Per Share projections suffer from the same issue.

In the past, Allstate has included historical growth rates in its estimate of g , but historical growth rates are only helpful in as much as they provide a reasonable estimate of future growth. Based on the steady growth of the dividend before and after the cut, Allstate believes that the historical calculations do not reflect a reasonable estimate. Two years ago, the calculation of the 5-year historical growth rate yielded a result of 13%⁷; this year, with the dividend cut data being included, that estimate has dropped to 2%.

One option for trying to remedy this situation would be to adjust all of the pre-dividend-cut data to be on post-dividend-cut levels. The resulting data would be much smoother and easier to fit a historical trend to:



Based on this data, a historical trend for the last 10 years would equal an annual growth rate of 10.5%, and for the last 5 years would equal a rate of 9%. When the DCF formula is rearranged, we find that the cost of equity is equal to the sum of the current dividend yield rate and the dividend growth rate. Allstate's current dividend yield rate is 2.8%.⁸ The adjusted historical and forecast numbers for dividend growth, as described above, range from 7.5% to 10.5%. Based on these numbers, it would seem that a cost of equity in the range of 10% to 13% would be reasonable. However, caution should be exercised when evaluating the output of a methodology for which so many adjustments have been made.⁹

Industry Data

Given that both of Allstate's primary methodologies for estimating its cost of equity have been impacted circumstantially, and therefore require adjustment, actuarial prudence

⁷ Note: because of the nature of the ValueLine calculations (similar to the projection calculations), it took a couple years for the cut dividend data to be incorporated into the historical calculations.

⁸ As of Second Quarter, 2011

⁹ Often, when analysts are performing DCF calculations for a whole industry, they will remove the data for any company that has had a dividend cut, as the impact of that data can be substantial and harmful to the overall result.

would suggest that additional, external data be considered. A good source for this is Ibbotson's Cost of Capital Yearbook, where multiple analyses are performed on industries as a whole, as well as sub-sections of those industries. The Ibbotson analysis includes CAPM, CAPM plus Size (a methodology half-way between CAPM and FF3F), FF3F, one-stage DCF, and three-stage DCF calculations. These analyses, performed on the entire cohort of SIC Code 633 – Fire, Marine, and Casualty Insurance – yields the following results¹⁰:

	2006	2007	2008	2009	2010		Avg	Std Dev
CAPM	9.02	9.79	10.70	11.99	11.22		10.54	1.17
CAPM + Size Prem	10.04	10.76	11.62	11.99	12.30		11.34	0.93
FF3F	9.84	10.19	12.01	11.68	11.02		10.95	0.93
1-Stage DCF	10.57	10.76	9.78	10.37	11.27		10.55	0.55
3-Stage DCF	12.60	15.20	20.00	3.90	13.58		13.06	5.86

These calculations are also performed on subsets of the industry, including the median company, a small-company composite, and a large-company composite. The most appropriate comparison for Allstate would be the large-company composite, whose results are as follows:

	2006	2007	2008	2009	2010		Avg	Std Dev
CAPM	9.08	10.06	10.87	10.48	11.61		10.42	0.94
CAPM + Size Prem	9.08	10.06	10.87	10.48	11.61		10.42	0.94
FF3F	9.98	10.42	12.33	10.35	11.11		10.84	0.93
1-Stage DCF	10.59	10.84	10.00	10.50	9.74		10.33	0.45
3-Stage DCF	14.50	16.90	22.50	24.90	11.81		18.12	5.47

These results reflect the cost of equity for the average company in the industry, or the average large company in the industry. It is likely that Allstate is above average in risk in each of these categories. Allstate's portfolio of risks represents a unique distribution of lines and states (as do all companies'). Allstate writes almost 25% of its business in the homeowners line, some of which is highly volatile coastal business. Many of Allstate's biggest and most comparable multi-line competitors are mutual companies and are, as such, not included in the P/C industry composite. As a result, Allstate has a much higher proportion of business in the homeowners line than most of the companies included in the P/C industry composite. Therefore, we would expect Allstate's cost of capital to be at least as much as the average company (or average large company) in the industry composite.

Conclusion

For the last several years, Allstate has sought to achieve a cost of equity of 10% based on the results of the FF3F and DCF analyses. Allstate continues to believe in the validity of these actuarial methodologies, but this year, due to various circumstances, we believe that the output of the FF3F and DCF calculations is misleading. After making what we

¹⁰ Source: Ibbotson Cost of Capital Yearbooks, 2006 to 2010

believe to be reasonable and appropriate adjustments to both of the methodologies, each justifies the selection of a 10% cost of equity. In addition, calculations performed on both the entire property/casualty insurance industry, plus a subsection of the largest companies within that industry, across a range of methodologies, suggest that a cost of equity of 10% is certainly reasonable, and even a higher return could perhaps be justified. Nevertheless, based on both actuarial judgment and the benefit of the stability of rates, Allstate believes that a continued target cost of equity of 10% is reasonable and justified.

Development of the Underwriting Profit Provision From a Given Cost of Equity

Exhibits

ALLSTATE INSURANCE GROUP

Arkansas
Private Passenger Auto

Development of the Underwriting Profit

	Liability	Physical Damage	Total	Source
(1) Average Market Value of Equity:			\$ 25,562	Exh. 2
(2) Cost of Equity (%):			10.0%	
(3) Cost of Equity (\$):			\$ 2,556	=(1)*(2)
(4) Dividend Payout Ratio:			0.69	Exh. 3
(5) Average Market-to-book Ratio:			1.41	Exh. 4
(6) Income Due Shareholders:			\$ 2,556	=(3)
(7) Income Needed by Allstate:			\$ 2,268	=(6)/[(4)+(1-(4))* (5)]
(8) Investment Income on Equity:			\$ 476	IDF*
(9) Operating Income Needed:			\$ 1,792	=(7)-(8)
(10) Earned Premium:			\$ 25,605	Exh. 2
(11) Operating Ratio:			7.0%	=(9)/(10)
(12) Investment Income from PHSF**:	3.2%	0.5%	1.8%	Exh. 5, Pg. 1
(13) After-tax U/W Profit Provision:	3.8%	6.5%	5.2%	=(11)-(12)
(14) Tax Rate:	35%	35%	35%	FIT***
(15) Pre-tax U/W Income Needed by Allstate:	5.8%	10.0%	8.0%	=(13)/(1-(14))

*Investments Department forecast

**Policyholder-supplied Funds (PHSF) are unearned premium and loss reserves

***This is the federal income tax rate on underwriting profit for Allstate

Dollar values are in millions

ALLSTATE INSURANCE GROUP

Enterprise Valuation

(\$ In Millions)

Entity	GAAP Book Value*	Earned Premium*	Imputed Market Value**
Total Group	19,015	27,015	26,812
Allstate New Jersey Group	734	1,180	1,035
Castle Key Insurance Group	153	231	216
ANJ/CK	887	1,410	1,250
Group Less ANJ/CK	18,129	25,605	25,562

*As of 12/31/10

**Equals GAAP Book Value multiplied by the average market-to-book ratio

ALLSTATE CORPORATION

Dividend Payout Ratio

(1)	(2)	(3)	(4)	(5) = (3)+(4)	(6) = (5)/(2)
Year	Prior Year GAAP Net Income*	Dividends	Stock Repurchases (Net)	Total Payout	Total Payout Ratio
1997	\$2,075	417	1,277	1,694	0.82
1998	\$3,105	450	1,400	1,850	0.60
1999	3,294	482	864	1,346	0.41
2000	2,720	506	1385	1,891	0.70
2001	2,211	547	612	1,159	0.52
2002	1,158	594	383	977	0.84
2003	1,134	648	-48	600	0.53
2004	2,705	779	1111	1,890	0.70
2005	3,181	846	2,203	3,049	0.96
2006	1,765	885	1,516	1,765	** 1.00
2007	4,993	901	3,483	4,384	0.88
2008	4,636	897	1,281	2,178	0.47
2009	-1,679	432	-27	405	*** -0.24
2010	854	433	82	515	0.60
Total	33,831	8,385	15,549	23,298	0.69

Source: Allstate Annual Reports

*Dividends and Stock Repurchases for a given year are determined based on the previous year's income. Therefore, GAAP Net Income is lagged by one year so that the appropriate ratio is calculated.

**While additional payout was provided from equity funds in 2006, the dividend payout ratio is concerned with percentage of income paid towards dividends and stock repurchases. Therefore, the 2006 payout ratio is capped at 1.00.

***2009 was not included in the total due to the irregularity of the results.

ALLSTATE CORPORATION

Historical Market-to-book Ratios

Years	Allstate
Dec-01	1.38
Dec-02	1.47
Dec-03	1.47
Dec-04	1.62
Dec-05	1.73
Dec-06	1.85
Dec-07	1.35
Dec-08	1.39
Dec-09	0.97
Dec-10	0.89
10-yr Avg:	1.41
Selected:	1.41

Source: MSN Online Reports

<http://moneycentral.msn.com/investor/invsub/results/compare.asp?Page=TenYearSummary&Symbol=ALL>

ENCOMPASS INSURANCE COMPANY

Private Passenger Auto

Calculation of Total Coverages Investment Income
From Policy Cash Flow

	Investment Income	Weight*	Source
(1) Liability Coverages	3.2%	49.4%	Exh. 5, Pg. 2
(2) Physical Damage Coverages	0.5%	50.7%	Exh. 5, Pg. 3
(3) Total Coverages	1.8%	100.0%	Weighted Average

*The weight given to the coverages comes from premium volume

Encompass Insurance Group
Private Passenger Automobile
Arkansas

Exhibit 5
Page 2

Investment Income - Liability Coverages

Calculation of Present Value, as of the Average Earning Date of a Policy Year, of all
Income and Outgo @ 2.6% †force of interest, assuming an Operating Profit of 7.00%
and twelve month Policy Terms

<u>Years From Start of Policy Year</u>	<u>Cumulative Percent of Losses Paid</u>	<u>Yearly Percent of Losses Paid</u>	<u>Time from Start of Policy Year</u>	<u>Discounted‡ to Average Time of Profit @ 2.6%</u>	<u>Discounted Payments</u>
1	13.7 %	13.7 %	0.69	1.008	13.8 %
2	49.5	35.8	1.39	0.990	35.4
3	68.4	18.9	2.46	0.963	18.2
4	81.0	12.6	3.47	0.938	11.8
5	90.4	9.4	4.46	0.914	8.6
6	95.6	5.2	5.45	0.891	4.6
Subsequent	100.0	4.4	7.44	0.846	3.7
Total					96.1 %
Expected Losses and Loss Expense Ratio					65.8 %
Present Value of Loss and Loss Expense Payments					63.2 %
General Expense		8.4 %	0.75	1.007	8.5 %
Other Acquisition		1.1 %	0.63	1.010	1.1 %
Taxes		3.1 %	0.63	1.010	3.1 %
Licenses and Fees		0.2 %	0.63	1.010	0.2 %
Commissions		14.3 %	0.58	1.011	14.5 %
Debt Provision		1.4 %	1.00	1.000	1.4 %
Profit		5.8 %	1.00	1.000	5.8 %
Total Present Value of Outgo					97.8 %
Premiums		100.0 %	0.60	1.010	101.0 %
Difference, Present Value of Income Less Present Value of Outgo					3.2 %

†Discount rate from Investment Department forecast

‡exp (force of interest x (timing of profit being earned – timing of cash flow))

Encompass Insurance Group
Private Passenger Automobile
Arkansas

Exhibit 5
Page 3

Investment Income - Physical Damage Coverages

Calculation of Present Value, as of the Average Earning Date of a Policy Year, of all
Income and Outgo @ 2.6% †force of interest, assuming an Operating Profit of 7.00%
and twelve month Policy Terms

<u>Years From Start of Policy Year</u>	<u>Cumulative Percent of Losses Paid</u>	<u>Yearly Percent of Losses Paid</u>	<u>Time from Start of Policy Year</u>	<u>Discounted‡ to Average Time of Profit @ 2.6%</u>	<u>Discounted Payments</u>
1	49.9 %	49.9 %	0.63	1.010	50.4 %
2	100.2	50.3	1.15	0.996	50.1
Subsequent	100.0	-0.2	0.00	1.026	-0.2
Total					100.3 %
Expected Losses and Loss Expense Ratio					61.5 %
Present Value of Loss and Loss Expense Payments					61.7 %
General Expense		8.4 %	0.75	1.007	8.5 %
Other Acquisition		1.1 %	0.63	1.010	1.1 %
Taxes		3.1 %	0.63	1.010	3.1 %
Licenses and Fees		0.2 %	0.63	1.010	0.2 %
Commissions		14.3 %	0.58	1.011	14.5 %
Debt Provision		1.4 %	1.00	1.000	1.4 %
Profit		10.0 %	1.00	1.000	10.0 %
Total Present Value of Outgo					100.5 %
Premiums		100.0 %	0.60	1.010	101.0 %
Difference, Present Value of Income Less Present Value of Outgo					0.5 %

†Discount rate from Investment Department forecast

‡exp (force of interest x (timing of profit being earned – timing of cash flow))

State:	Arkansas	Filing Company:	Encompass Indemnity Company
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)		
Product Name:	EI PPA		
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634		

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
12/19/2012	Filed 01/29/2013	Supporting Document	APCS-Auto Premium Comparison Survey	01/10/2013	07. APCS EI Survey Form ER-2178.xls (Superceded) 07. APCS EI Survey Form ER-2178.pdf (Superceded)
12/19/2012	Filed 01/29/2013	Supporting Document	NAIC loss cost data entry document	01/10/2013	06. StateFilingForm_FORM RF-1 Rate Filing Abstract_ER-2178.pdf (Superceded)

SERFF Tracking #:	ALSE-128821299	State Tracking #:		Company Tracking #:	ER-2178: RATE FACTOR REVISIONS (PPA EDGE...
<hr/>					
State:	Arkansas	Filing Company:	Encompass Indemnity Company		
TOI/Sub-TOI:	19.0 Personal Auto/19.0001 Private Passenger Auto (PPA)				
Product Name:	EI PPA				
Project Name/Number:	Rate Factor Revisions (PPA Edge)/1170634				

Attachment 07. APCS EI Survey Form ER-2178.xls is not a PDF document and cannot be reproduced here.

NAIC Number:

15130

Company Name:

Encompass Indemnity Company

Contact Person:

Andrew King

Telephone No.:

847-402-5812

Email Address:

aking@allstate.com

Effective Date:

5/13/2013

DISCOUNTS OFFERED:

PASSIVE RESTRAINT/AIRBAG

30

%

AUTO/HOMEOWNERS

5-10

%

GOOD STUDENT

5-15

%

ANTI-THEFT DEVICE

5-15

%

Over 55 Defensive Driver Discount

10

%

\$250/\$500 Deductible Comp./Coll.

N/A

%

Private Passenger Auto Premium Comparison Survey Form

FORM APCS - last modified August 2005

Assumptions to Use:

1 Liability -Minimum \$25,000 per person

2 Bodily Injury \$50,000 per accident

\$25,000 per accident

3 Property Damage \$100 deductible per accident

4 Comprehensive & Collision \$250 deductible per accident

5 The insured has elected to accept:

Uninsured motorist property and bodily injury equal to liability coverage

Underinsured bodily injury equal to liability coverage

6 Personal Injury Protection of \$5,000 for medical, loss wages according to statute and \$5,000 accidental death

7 If male and female rates are different, use the highest of the two

Submit to:

Arkansas Insurance Department

1200 West Third Street

Little Rock, AR 72201-1904

Telephone:

501-371-2800

Email as an attachment to insurance.pnc@arkansas.gov

You may also attach to a SERFF filing or submit on a compact disk

		Fayetteville				Trumann				Little Rock				Lake Village				Pine Bluff				
		Gender	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female	Female	Male	Male or Female	Male or Female
Vehicle	Coverages	Age	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66	18	18	40	66
1999 Chevrolet Silverado 1500 2WD "LS" regular cab 119" WB	Minimum Liability		\$679	\$684	\$287	\$271	\$712	\$718	\$296	\$278	\$912	\$920	\$356	\$332	\$749	\$755	\$306	\$288	\$843	\$851	\$334	\$312
	Minimum Liability with Comprehensive and Collision		\$1,699	\$1,775	\$669	\$585	\$2,049	\$2,163	\$815	\$684	\$2,131	\$2,222	\$806	\$706	\$2,032	\$2,138	\$799	\$678	\$2,040	\$2,136	\$788	\$678
	100/300/50 Liability with Comprehensive and Collision		\$1,579	\$1,646	\$656	\$581	\$1,901	\$2,002	\$790	\$672	\$1,979	\$2,058	\$782	\$692	\$1,884	\$1,978	\$774	\$666	\$1,900	\$1,985	\$768	\$668
2003 Ford Explorer "XLT" 2WD, 4 door	Minimum Liability		\$645	\$650	\$277	\$262	\$677	\$682	\$286	\$269	\$822	\$875	\$343	\$320	\$665	\$671	\$296	\$278	\$801	\$808	\$321	\$301
	Minimum Liability with Comprehensive and Collision		\$1,392	\$1,449	\$559	\$495	\$1,650	\$1,733	\$666	\$568	\$1,714	\$1,827	\$674	\$597	\$1,601	\$1,679	\$657	\$566	\$1,675	\$1,746	\$655	\$572
	100/300/50 Liability with Comprehensive and Collision		\$1,313	\$1,363	\$561	\$503	\$1,550	\$1,624	\$659	\$570	\$1,656	\$1,715	\$668	\$598	\$1,547	\$1,615	\$650	\$568	\$1,581	\$1,644	\$652	\$576
2003 Honda Odyssey "EX"	Minimum Liability		\$560	\$564	\$252	\$239	\$587	\$591	\$259	\$245	\$747	\$753	\$307	\$288	\$616	\$621	\$267	\$252	\$692	\$698	\$288	\$272
	Minimum Liability with Comprehensive and Collision		\$1,402	\$1,465	\$570	\$500	\$1,700	\$1,795	\$694	\$584	\$1,750	\$1,825	\$680	\$597	\$1,682	\$1,770	\$679	\$578	\$1,682	\$1,762	\$667	\$576
	100/300/50 Liability with Comprehensive and Collision		\$1,311	\$1,285	\$567	\$504	\$1,584	\$1,669	\$681	\$581	\$1,632	\$1,698	\$668	\$594	\$1,566	\$1,644	\$666	\$576	\$1,574	\$1,645	\$659	\$576
2005 Toyota Camry LE 3.0L 4 door Sedan	Minimum Liability		\$639	\$644	\$275	\$260	\$670	\$676	\$283	\$267	\$854	\$862	\$338	\$316	\$706	\$712	\$293	\$276	\$791	\$798	\$317	\$298
	Minimum Liability with Comprehensive and Collision		\$1,702	\$1,778	\$667	\$587	\$1,999	\$2,106	\$790	\$671	\$2,139	\$2,231	\$807	\$710	\$2,001	\$2,102	\$772	\$671	\$2,016	\$2,110	\$775	\$673
	100/300/50 Liability with Comprehensive and Collision		\$1,572	\$1,639	\$652	\$580	\$1,844	\$1,938	\$764	\$657	\$1,973	\$2,052	\$778	\$692	\$1,844	\$1,933	\$755	\$656	\$1,867	\$1,949	\$753	\$660
2003 Cadillac Seville "STS" 4 door Sedan	Minimum Liability		\$618	\$623	\$270	\$255	\$603	\$653	\$278	\$262	\$830	\$838	\$332	\$311	\$680	\$686	\$287	\$270	\$767	\$774	\$311	\$293
	Minimum Liability with Comprehensive and Collision		\$2,112	\$2,219	\$820	\$711	\$2,504	\$2,703	\$1,003	\$835	\$2,632	\$2,759	\$987	\$858	\$2,524	\$2,668	\$982	\$827	\$2,502	\$2,634	\$958	\$818
	100/300/50 Liability with Comprehensive and Collision		\$1,923	\$2,016	\$783	\$686	\$2,322	\$2,458	\$950	\$799	\$2,392	\$2,502	\$933	\$818	\$2,296	\$2,422	\$929	\$791	\$2,284	\$2,399	\$911	\$785
1998 Chevrolet Cavalier LS 4D Sedan	Minimum Liability		\$679	\$684	\$287	\$271	\$712	\$718	\$296	\$278	\$912	\$920	\$356	\$332	\$749	\$755	\$306	\$288	\$843	\$851	\$333	\$312
	Minimum Liability with Comprehensive and Collision		\$1,372	\$1,423	\$548	\$488	\$1,589	\$1,662	\$636	\$549	\$1,746	\$1,809	\$664	\$592	\$1,600	\$1,669	\$632	\$551	\$1,645	\$1,710	\$637	\$562
	100/300/50 Liability with Comprehensive and Collision		\$1,298	\$1,343	\$551	\$498	\$1,498	\$1,563	\$632	\$553	\$1,649	\$1,704	\$660	\$594	\$1,508	\$1,569	\$629	\$555	\$1,558	\$1,615	\$637	\$567

NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	ER-2078
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	Encompass Indemnity Company	B. 008-15130

	Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	Auto – Liability 19.0, Auto – Physical Damage 21.0	B.

5.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Bodily Injury	44.6%	15.0%					
Property Damage	23.6%	14.0%					
Medical Payments	105.1%	10.1%					
Uninsured/Underinsured	19.3%	10.0%					
Collision	-22.4%	-3.0%					
Comprehensive	-8.8%	-3.0%					
TOTAL OVERALL EFFECT	9.0%	5.0%					

6.

5 Year History

Rate Change History

Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2007	2,673	N/A	N/A	3,057	1,920	62.8%	64.7%
2008	2,895	N/A	N/A	3,680	1,919	52.1%	57.7%
2009	2,052	N/A	N/A	3,227	2,480	76.9%	68.0%
2010	1,305	N/A	N/A	2,428	1,184	76.9%	58.9%
2011	1,042	N/A	N/A	1,784	1,001	78.2%	58.7%

7.

Expense Constants	Selected Provisions
A. Total Production Expense	15.4%
B. General Expense	8.4%
C. Taxes, License & Fees	3.3%
D. Underwriting Profit & Contingencies	Liab: 5.8% Phys Dmg: 10.0%
E. Other (Debt Provision)	1.4%
F. TOTAL	Liab: 34.3% Phys Dmg: 38.5%

8. N Apply Lost Cost Factors to Future filings? (Y or N)

9. 15.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): 103 & 264

10. Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):